
CITY OF CHICAGO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006



Richard M. Daley, Mayor

Paul A. Volpe, Chief Financial Officer
Steven J. Lux, City Comptroller

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OFFICE OF THE MAYOR
CITY OF CHICAGO

RICHARD M. DALEY
MAYOR

To the Citizens of Chicago and the Financial Community:

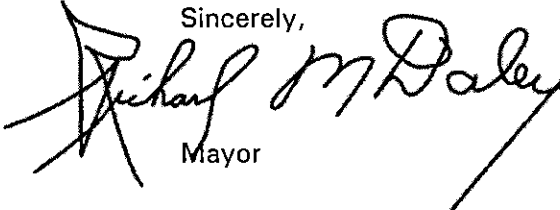
As Mayor of the City of Chicago, I am proud to present the Comprehensive Annual Financial Report (CAFR) of the City of Chicago for the fiscal year 2006.

Over the past year, the City has worked hard to provide the best possible value to the taxpayers of Chicago, while still making the crucial investments in infrastructure, human services, and public safety that residents expect. In 2006, the City of Chicago strengthened management accountability and focused on the quantity, quality, and efficiency of City services. The City continued to hold the line on property taxes through the utilization of innovative financial transactions such as the long-term lease of the Chicago Downtown Public Parking System. These strategies have helped provide the funds to reduce our debt and invest in our neighborhoods by reconstructing sidewalks, resurfacing streets and installing residential street lights as well as constructing new libraries, senior centers and police and fire stations.

Chicago's cultural and economic diversity are the keys to our strength. Our efforts in the areas of affordable housing and development, job training and business outreach, and education, among others, help keep Chicagoans in the City while also attracting new residents and visitors. We continue to promote mixed-use development projects throughout the City and are putting additional emphasis on assisting residents who are traditionally difficult to place in jobs, including the homeless. We continue to support vital programs that promote early childhood development such as Head Start and Early Head Start, in addition to our Kid Start and After Schools Matters programs, which provide recreational and learning opportunities after school and during the summer.

In 2006, I proposed that the City submit a bid to host the 2016 Olympic Games because I had the confidence that Chicago can compete with any big city in the nation and indeed, the world. That confidence has been ratified by the United States Olympic Committee with the help of thousands of enthusiastic Chicagoans who understand the importance of ensuring Chicago's place as a global city. Chicago's financial position can only continue to improve by looking outward and reaching for new heights.

Thank you for your interest in the City of Chicago's Comprehensive Annual Financial Report.

Sincerely,

Mayor

**CITY OF CHICAGO
THE CITY COUNCIL
As of December 31, 2006
RICHARD M. DALEY, Mayor**

1st Ward	MANUEL FLORES
2nd Ward	MADELINE L. HAITHCOCK
3rd Ward	DOROTHY J. TILLMAN
4th Ward	TONI PRECKWINKLE
5th Ward	LESLIE A. HAIRSTON
6th Ward	FREDDRENNA M. LYLE
7th Ward	DARCEL A. BEAVERS
8th Ward	MICHELLE A. HARRIS
9th Ward	ANTHONY BEALE
10th Ward	JOHN A. POPE
11th Ward	JAMES A. BALCER
12th Ward	GEORGE A. CARDENAS
13th Ward	FRANK J. OLIVO
14th Ward	EDWARD M. BURKE
15th Ward	THEODORE THOMAS
16th Ward	SHIRLEY A. COLEMAN
17th Ward	LATASHA R. THOMAS
18th Ward	LONA LANE
19th Ward	VIRGINIA A. RUGAI
20th Ward	ARENDA TROUTMAN
21st Ward	HOWARD BROOKINS, JR.
22nd Ward	RICARDO MUNOZ
23rd Ward	MICHAEL R. ZALEWSKI
24th Ward	MICHAEL D. CHANDLER
25th Ward	DANIEL S. SOLIS
26th Ward	BILLY OCASIO
27th Ward	WALTER BURNETT, JR.
28th Ward	ED H. SMITH
29th Ward	ISAAC S. CAROTHERS
30th Ward	ARIEL E. REBOYRAS
31st Ward	REGNER "RAY" SUAREZ
32nd Ward	THEODORE MATLAK
33rd Ward	RICHARD F. MELL
34th Ward	CARRIE M. AUSTIN
35th Ward	REY COLON
36th Ward	WILLIAM J.P. BANKS
37th Ward	EMMA MITTS
38th Ward	THOMAS R. ALLEN
39th Ward	MARGARET LAURINO
40th Ward	PATRICK J. O'CONNOR
41st Ward	BRIAN G. DOHERTY
42nd Ward	BURTON F. NATARUS
43rd Ward	VI DALEY
44th Ward	THOMAS M. TUNNEY
45th Ward	PATRICK J. LEVAR
46th Ward	HELEN SHILLER
47th Ward	EUGENE C. SCHULTER
48th Ward	MARY ANN SMITH
49th Ward	JOE A. MOORE
50th Ward	BERNARD L. STONE

**2006 COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF CHICAGO**

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PART I
INTRODUCTORY SECTION





City of Chicago
Richard M. Daley, Mayor

Paul A. Volpe
Chief Financial Officer

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Chicago, Illinois 60602
(312) 744-9576
(312) 744-0014 (FAX)
<http://www.cityofchicago.org>

June 15, 2007

To the Honorable Mayor Richard M. Daley,
Members of the City Council and Citizens of the City of Chicago:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Chicago (City) for the year ended December 31, 2006. State Law requires that all governmental units publish within six months of the close of each fiscal year, financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a licensed public accountant.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management. The purpose of the CAFR is to provide complete and accurate financial information which complies with the reporting requirements of the Municipal Code of Chicago (Code). The City's financial management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management. An evaluation of the internal control structure during the City's annual independent audit disclosed no material weaknesses.

The Code also requires the City's basic financial statements to be audited by independent certified public accountants selected by the Committee on Finance of the City Council. This requirement has been met, and the unqualified audit opinion, rendered by Deloitte & Touche LLP, is included in the financial section of this report. The audit was conducted as a subcontractor arrangement between Deloitte & Touche LLP and a consortium of Chicago-based minority and women-owned certified public accounting firms.

In addition to meeting the requirements set forth in the Code, an additional audit designed to meet the requirements of the federal Single Audit Act Amendment of 1996 and related OMB Circular A-133, Audits of State and Local Governments is performed annually.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



Profile of the Government. The City, incorporated in 1837, currently occupies a land area of approximately 228 square miles and serves a population of approximately 2,896,000. The City of Chicago is a “home rule” unit of local government under State of Illinois law. The City has a mayor-council form of government. The Mayor is the Chief Executive Officer of the City and is elected by general election. The City Council is the legislative body and consists of 50 members, each representing one of the City’s 50 wards. The members of the City Council are elected through popular vote by ward for four-year terms.

The City provides public safety, street maintenance and sanitation, transportation infrastructure, water, sewer, health, cultural, aviation and human services. In addition to general government activities, the City has certain entities which are fiscally dependent on the City and perform services primarily for City employees such as the Municipal Employees’ Annuity and Benefit Fund, Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund, Policemen’s Annuity and Benefit Fund and Firemen’s Annuity and Benefit Fund. These component units are included in the City’s reporting entity.

Additional services are provided by the following related organizations: the Chicago Public Schools, Chicago Park District, Chicago Transit Authority, City Colleges of Chicago and the Chicago Housing Authority.

Annual budgets are adopted for the general fund and certain special revenue funds. Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year. The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing. Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance. Additional information on the budgetary process can be found in Note 3 in the notes to financial statements.

Factors Affecting Financial Condition. The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Chicago continues to enjoy one of the most diverse economies in the nation. Chicago has continued to attract world-class companies who have made the decision to relocate their headquarters to Chicago, including Mittal Steel, the world’s largest steel producer and the Boeing Company, the world’s largest aircraft manufacturer. Chicago is also home to a robust service sector that includes financial services firms such as JP Morgan Chase, LaSalle Bank, and the Northern Trust as well as four major financial exchanges including the Chicago Board of Trade and the Chicago Mercantile Exchange. Moreover, major real estate development continues in Chicago with ambitious skyscrapers either in construction or planned. These include the 92-story Trump Tower Chicago, the newly announced 90-story Shangri-La Hotel, and the planned 150-story Chicago Spire by Santiago Calatrava. The City continues to focus on attracting business and leisure travelers alike as was demonstrated recently by Chicago’s successful bid for the U. S. nomination of the 2016 Olympics.

There are many local attractions, museums, festivals and professional sports teams that help to strengthen the area economy and provide jobs. The Tax Increment Financing (TIF) program continues to be a valuable job creation and economic development program in the city.

Long-term Financial Planning. The concession sale of the Chicago Downtown Public Parking System which closed in December of 2006 was an innovative financing transaction. The Chicago Downtown Public Parking System is the largest downtown underground public parking system in the world with 9,178 spaces and a prime location under Chicago's world famous Millennium Park. The concession sale allows a private company to operate the Chicago Downtown Public Parking System for a period of 99 years. Proceeds from the Chicago Downtown Public Parking System have been used to repay debt as well as to provide for capital projects for the City's hundreds of parks. Since completing the Downtown Public Parking System transaction the City has continued to look for innovative ways to create new sources of revenue. The City will continue to evaluate its assets to see if they meet the criteria for sales or leases.

Cash Management. To maximize interest income, the City aggregates and invests cash and investments of all funds except the City's pension and certain other funds required to be held in separate accounts in accordance with bond indentures. Interest earnings on the aggregated funds are allocated annually to participating funds. As part of the investment decision-making process, annual cash flow projections and monthly variance reports are used by management.

Risk Management. The City maintains a self-insurance program for substantially all of its governmental operations except O'Hare and Midway Airports operations and construction of projects, which are insured privately.

Pension Plans and Other Post-employment Benefits. Eligible City employees participate in one of four single-employer defined benefit pension plans. These plans are the Municipal Employees', the Laborers' and Retirement Board Employees', the Policemen's and Firemen's Annuity and Benefit Funds. The City makes payments to the pension trust funds in accordance with state law. The City's contribution is comprised of the property tax levy and the personal property replacement tax. In 1998, the state law was amended to reduce the City multiplier for the Laborers' and Municipal Pension Funds in subsequent years. As a result of the City's funding policies, the pension plans have funded the following percentages of the present value of the projected benefits earned by employees: Municipal employees' 67 percent, the Laborers' and Retirement Board Employees' 92 percent, the Policemen's Annuity and Benefit Fund 49 percent and the Firemen's Annuity and Benefit Fund 40 percent. There is a two-year lag between the City's reported pension cost and personnel services expenditures to which they relate because state law mandates that City contributions be made two years in arrears.

Under state law certain health benefits are available to employees who retire from the City based upon their participation in the City plans. Municipal or Laborers' pension plan participants older than age 55 with at least 20 years of service and Police and Fire pension plan participants older than age 50 with at least 10 years of service may become eligible for post-employment benefits. Health benefits include basic benefits for the annuitant and supplemental benefits for Medicare eligible annuitants. In 2006, there were approximately 24,400 annuitants and their dependents enrolled in the plan.

Awards and Acknowledgments. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chicago for its comprehensive annual financial report for the fiscal year ended December 31, 2005. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report could not have been prepared without the dedication and effective help of the staff of the Department of Finance. We wish to express our appreciation to those who contributed to the preparation of this report.

Respectfully submitted,



Paul A. Volpe
Chief Financial Officer



Steven J. Lux
City Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chicago
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



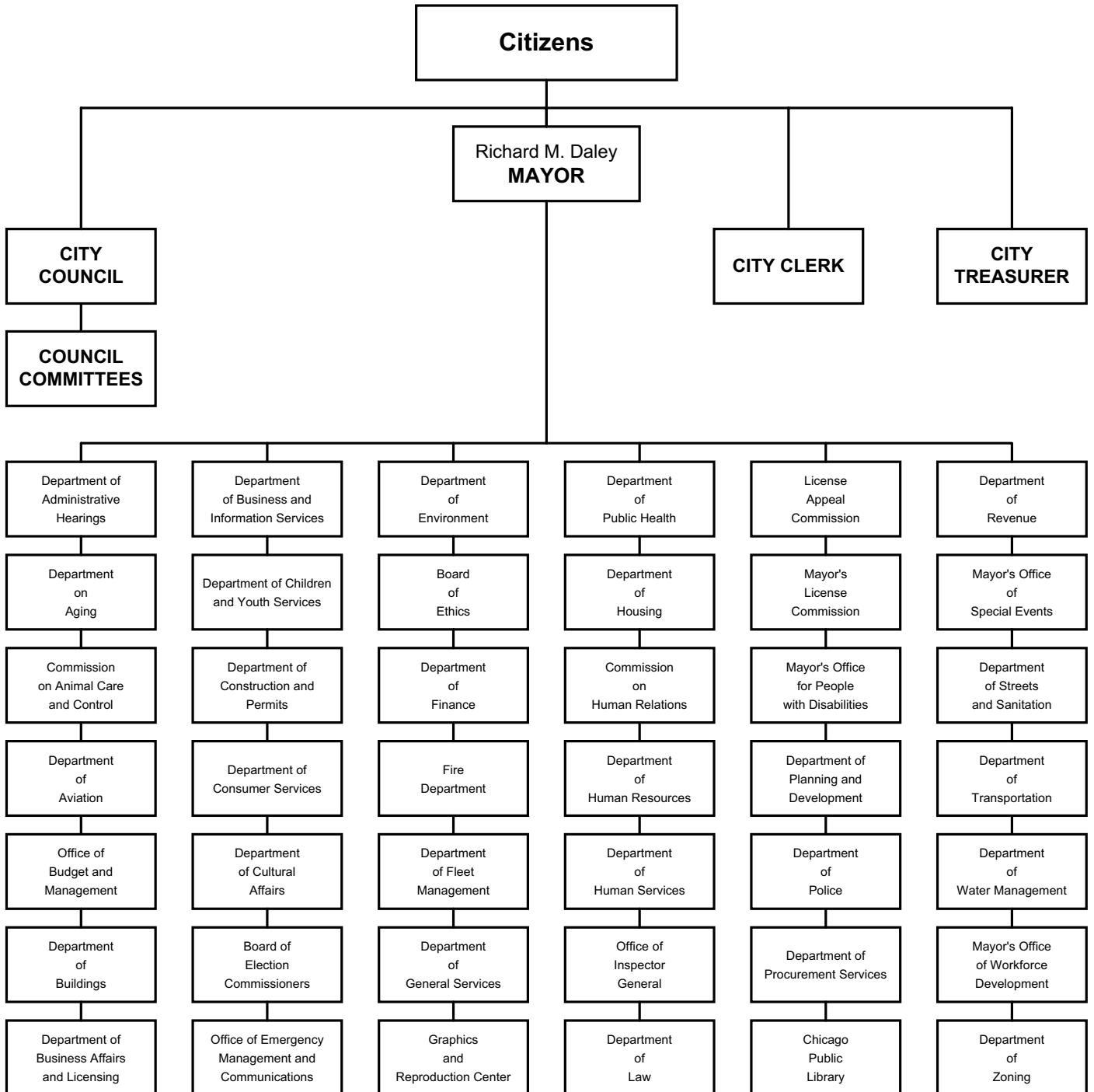
A handwritten signature in black ink, appearing to read "Ronald J. Hahn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**CITY OF CHICAGO
ORGANIZATION CHART
AS OF 12/31/2006**



PART II

FINANCIAL SECTION

**INDEPENDENT AUDITORS' REPORT,
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
THE FINANCIAL STATEMENTS**



INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor,
and Members of the City Council
City of Chicago, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the City's Pension Plans (the "Plans") which, in aggregate, represent substantially all the assets and revenues of the fiduciary funds, included in the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective net assets or financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis as listed in the foregoing table of contents is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the City's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's respective financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City's management. The combining and individual fund statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

June 27, 2007

Management's Discussion and Analysis

As management of the City of Chicago, Illinois (City) we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. We encourage the readers to consider the information presented here in conjunction with information that we have furnished in our letter of transmittal, contained within this report.

Fiscal 2006 Financial Highlights

- Assets of the City, in the government-wide financial statements, exceeded its liabilities at the close of the most recent fiscal year by \$2,346.0 million (*net assets*). Of this amount, \$3,591.2 million is an unrestricted deficit, while \$2,514.4 million is invested in capital assets, net of related debt and \$3,422.8 million is restricted for specific purposes.
- The City's total assets increased by \$517.6 million. The increase relates to \$1,249.6 million increase in capital assets as a result of the City's capital improvement program and \$856.2 million decrease in unrestricted and restricted cash and cash equivalents and investments as a result of debt financing used to support the capital plan.
- Revenues and Other Financing Sources, in the fund financial statements, available for general governmental operations during 2006 were \$6,638.8 million, a decrease of \$1,771.3 million (21.1 percent) from 2005.
- The General Fund, also in the fund financial statements, ended 2006 with a total Fund Balance of \$62.4 million. Total Fund Balance decreased from 2005 primarily because Revenues and Other Financing Sources was less than Expenditures and Other Financing Uses by \$48.7 million. Fund Balance at December 31, 2006 of \$35.6 million was reserved for commitments. Unreserved Fund Balance was \$26.8 million at December 31, 2006, compared to a balance of \$57.6 million at the end of 2005.
- The City's general obligation bonds and notes outstanding increased by \$290.6 million during the current fiscal year. The proceeds from the increase in bonds were used to finance the City's capital plan.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements. These components are described below:

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, using accounting methods similar to those used by private-sector companies. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means such statements follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. To assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The *statement of activities* presents information showing how the government's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected taxes, and earned but unused

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

vacation). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and sanitation, transportation, health, and cultural and recreation. The business-type activities of the City include water, sewer, tollway and airport services.

The government-wide financial statements present information about the City as a primary government, which includes the Chicago Public Library and the City related funds of the Public Building Commission. The government-wide financial statements can be found immediately following this management's discussion and analysis.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds and governmental activities*.

The City maintains 19 individual governmental funds. Information for the five funds that qualify as major is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The five major governmental funds are as follows: the General Fund, the Federal, State and Local Grants Fund, the Reserve Fund, the Bond, Note Redemption and Interest Fund, and the Community Development and Improvement Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriation budget for its general and certain special revenue funds on a non-GAAP budgetary basis. A budgetary comparison statement has been provided for the General Fund, the only major fund with an appropriation budget, to demonstrate compliance with this budget. The basic governmental fund financial statements can be found immediately following the government-wide statements.

Proprietary funds. These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge user fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds, like government-wide statements, use the accrual basis of accounting and provide both long- and short-term financial information. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The City uses five enterprise funds to account for its water, sewer, tollway and two airports operations. Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Chicago Skyway Fund, Chicago-O'Hare International Airport Fund and the Midway International Airport Fund. All the proprietary funds are considered to be major funds of the City. The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement can be used only for the trust beneficiaries. The City also uses fiduciary funds to account for transactions for assets held by the City as agent for various entities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fiduciary fund financial statements.

Additional Information. The combining statements, which include nonmajor funds, for governmental funds and trust and agency funds are presented immediately following the notes to the financial statements

Financial Analysis of the City as a Whole

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$2,346.0 million at December 31, 2006.

A large portion of the City's net assets, \$2,514.4 million reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Chicago, Illinois
Summary Statement of Net Assets
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 5,383.2	\$ 5,278.0	\$ 3,743.8	\$ 4,581.0	\$ 9,127.0	\$ 9,859.0
Capital assets	6,787.1	6,337.3	8,568.4	7,768.6	15,355.5	14,105.9
Total assets	12,170.3	11,615.3	12,312.2	12,349.6	24,482.5	23,964.9
Long-term liabilities outstanding	10,184.2	9,187.0	10,277.5	10,489.1	20,461.7	19,676.1
Other liabilities	963.9	878.9	710.9	698.4	1,674.8	1,577.3
Total Liabilities	11,148.1	10,065.9	10,988.4	11,187.5	22,136.5	21,253.4
Net assets:						
Invested in capital assets, net of related debt	574.4	514.3	1,940.0	1,879.3	2,514.4	2,393.6
Restricted	2,451.1	2,632.7	971.7	886.6	3,422.8	3,519.3
Unrestricted	(2,003.3)	(1,597.6)	(1,587.9)	(1,603.8)	(3,591.2)	(3,201.4)
Total net assets	\$ 1,022.2	\$ 1,549.4	\$ 1,323.8	\$ 1,162.1	\$ 2,346.0	\$ 2,711.5

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

An additional portion of the City's net assets (\$3,422.8 million) represent resources that are subject to external restrictions on how they may be used.

Governmental Activities. Net assets of the City's governmental activities decreased \$527.2 million (34.0 percent) to \$1,022.2 million. However, a significant portion of those net assets are either restricted as to the purpose they can be used for or they are invested in capital assets (buildings, roads, bridges, etc.). Consequently, unrestricted net assets showed a \$2,003.3 million deficit at the end of this year. This deficit does not mean that the City does not have the resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from personnel, property and casualty claims (\$526.5 million), and Policemen's and Firemen's net pension obligation (\$1,895.5 million). The City will include these amounts in future years' budgets as they come due.

Virtually half of the City's revenue comes from taxes. Total taxes increased by 5.2 percent. Total taxes include an increase in property taxes of \$4.5 million (0.6 percent) relating to the timing of collections. Other taxes increased by \$137.9 million (6.7 percent) primarily attributable to Special Area and sales taxes increasing \$74.4 million and \$39.2 million, respectively, based on increase in property values in developing areas and an increase in the sales tax rate effective July 1, 2005. Federal/State grants vary from year to year depending primarily on the level of spending for programs, construction and other projects.

Expenses for governmental activities in 2006 were \$5,679.6 million. This reflects an increase of \$368.5 million (6.9 percent) over 2005. Public Safety was the largest component of current expenses, accounting for 40.5 percent of total expenses. Public Safety expenses increased \$241.9 million (11.8 percent) over 2005 because of an increase in related personnel and benefit costs.

The cost of all governmental activities was \$5,679.6 million.

- The amount that taxpayers paid for these activities through City taxes was only \$2,882.1 million.
 - ◆ Some of the cost was paid by those who directly benefited from the programs (\$611.9 million), or
 - ◆ By other governments and organizations that subsidized certain programs with grants and contributions (\$802.0 million).

The City paid for the "public benefit" portion with \$854.4 million with other revenues such as state aid, interest and miscellaneous income.

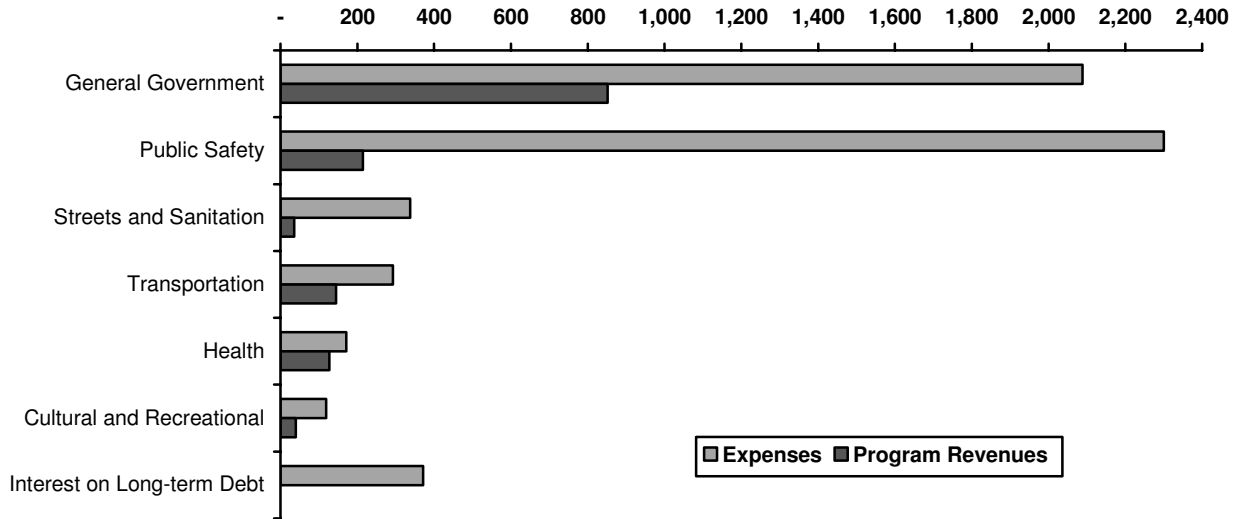
Although total net assets of business-types activities were \$1,323.8 million, these resources cannot be used to make up for the net asset deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, sewer, tollway, and airports activities.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

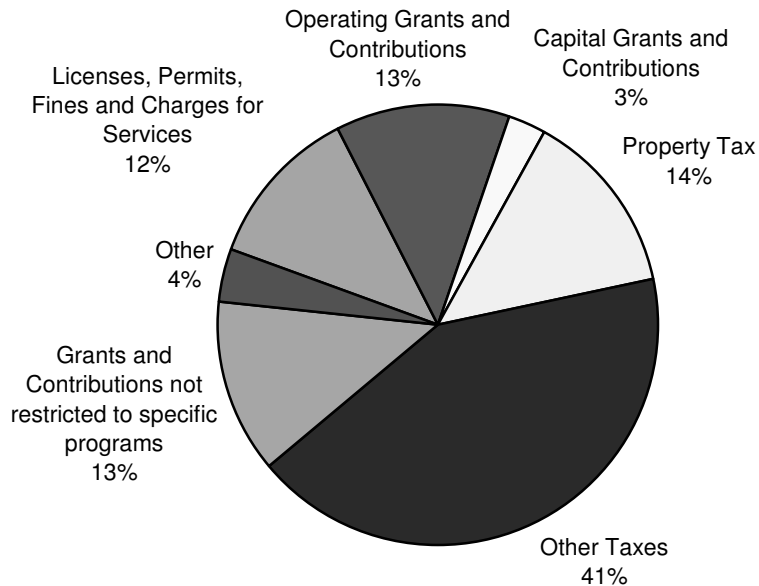
**City of Chicago, Illinois
Changes in Net Assets
Years Ended December 31,
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Licenses, Permits, Fines and Charges for Services	\$ 611.9	\$ 572.7	\$ 1,118.4	\$ 1,114.8	\$ 1,730.3	\$ 1,687.5
Operating Grants and Contributions	659.3	637.7	-	-	659.3	637.7
Capital Grants and Contributions	142.7	133.7	273.3	228.5	416.0	362.2
General Revenues:						
Property Taxes	700.6	696.1	-	-	700.6	696.1
Other Taxes	2,181.5	2,043.6	-	-	2,181.5	2,043.6
Grants and Contributions not Restricted to Specific Programs	654.0	606.5	-	-	654.0	606.5
Other	200.4	170.5	124.9	23.2	325.3	193.7
Total Revenues	<u>5,150.4</u>	<u>4,860.8</u>	<u>1,516.6</u>	<u>1,366.5</u>	<u>6,667.0</u>	<u>6,227.3</u>
Expenses:						
General Government	2,088.3	2,016.2	-	-	2,088.3	2,016.2
Public Safety	2,300.0	2,058.1	-	-	2,300.0	2,058.1
Streets and Sanitation	337.1	354.0	-	-	337.1	354.0
Transportation	292.7	285.6	-	-	292.7	285.6
Health	170.8	147.4	-	-	170.8	147.4
Cultural and Recreational	119.2	114.5	-	-	119.2	114.5
Interest on Long-term Debt	371.5	335.3	-	-	371.5	335.3
Water	-	-	324.1	326.4	324.1	326.4
Sewer	-	-	130.4	132.7	130.4	132.7
Midway International Airport	-	-	188.1	171.0	188.1	171.0
Chicago-O'Hare International Airport	-	-	697.5	692.6	697.5	692.6
Chicago Skyway	-	-	12.8	16.9	12.8	16.9
Total Expenses	<u>5,679.6</u>	<u>5,311.1</u>	<u>1,352.9</u>	<u>1,339.6</u>	<u>7,032.5</u>	<u>6,650.7</u>
Change in Net Assets Before Transfers	(529.2)	(450.3)	163.7	26.9	(365.5)	(423.4)
Transfers	2.0	1,236.1	(2.0)	(1,236.1)	-	-
Change in Net Assets	<u>(527.2)</u>	<u>785.8</u>	<u>161.7</u>	<u>(1,209.2)</u>	<u>(365.5)</u>	<u>(423.4)</u>
Net Assets, Beginning of Year	<u>1,549.4</u>	<u>763.6</u>	<u>1,162.1</u>	<u>2,371.3</u>	<u>2,711.5</u>	<u>3,134.9</u>
Net Assets, End of Year	<u>\$ 1,022.2</u>	<u>\$ 1,549.4</u>	<u>\$ 1,323.8</u>	<u>\$ 1,162.1</u>	<u>\$ 2,346.0</u>	<u>\$ 2,711.5</u>

Expenses and Program Revenues - Governmental Activities
 (in millions of dollars)



Revenues by Source - Governmental Activities

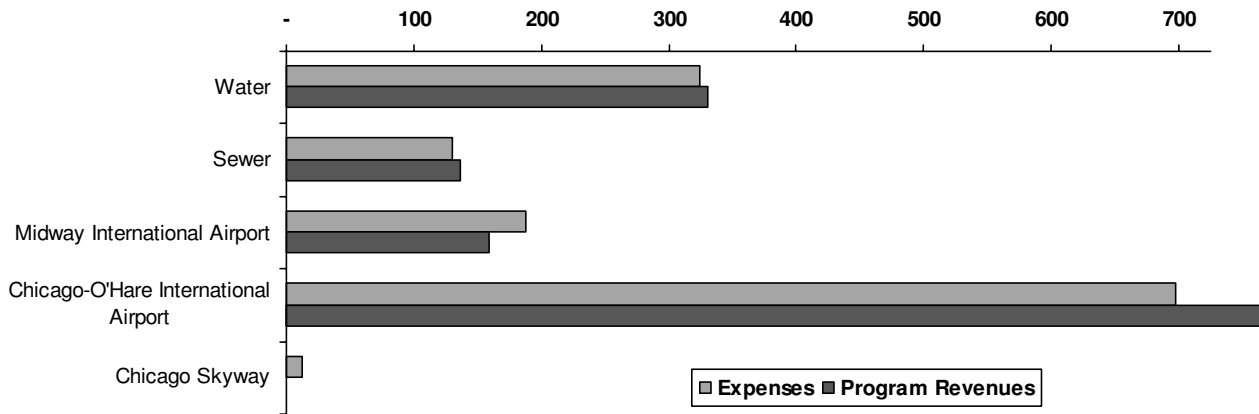


**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

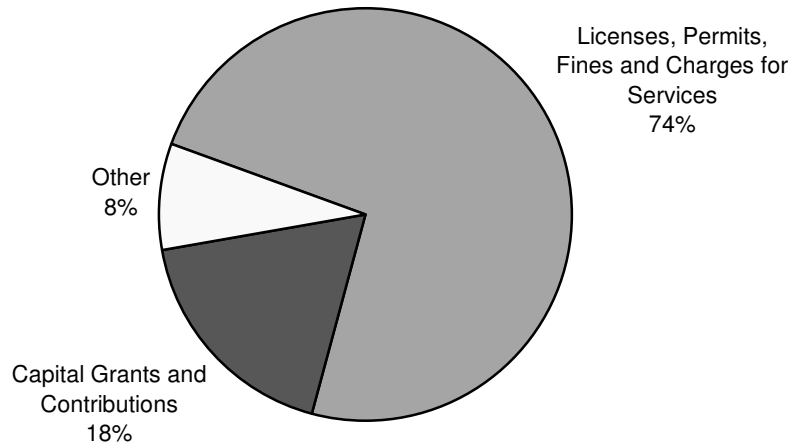
Business-type Activities. Operating revenues of the City's business-type activities increased by \$3.6 million in 2006 due primarily to increases in charges for services. All Funds met debt service coverage ratios set forth in the applicable bond indentures.

- The Water Fund's revenues for 2006 decreased by 4.0 percent from 2005 due to a decrease in water usage. Operating expenses in 2006 decreased by 2.2 percent primarily due to a decrease in contractual services.
- The Sewer Fund's revenues decreased 4.9 percent during fiscal year 2006, as the result of a decrease in water usage. Repairs and maintenance for 2006 increased as a result of an increase in personnel costs. Depreciation and amortization increased primarily due to an increase in capital assets.
- Midway International Airport Fund's operating revenues for 2006 increased by \$13.3 million compared to prior year operating revenues. This increase is principally due to increased landing fees and other rental charges. Operating expenses before depreciation and amortization increased by \$9.2 million primarily due to increased repairs and maintenance.
- Chicago-O'Hare International Airport Fund's operating revenues for 2006 increased by \$13.0 million (2.4 percent) compared to prior year operating revenues as a result of increased fund deposit requirements. Operating expenses before depreciation and amortization increased by \$2.6 million as a result of an increase in personnel costs and other expenses.
- The Chicago Skyway was leased for 99 years to a private company. The agreement granted the company to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into non-operating revenue over the period of the lease (\$18.5 million annually).

Expenses and Program Revenues - Business-type Activities
 (in millions of dollars)



Revenues by Source - Business-type Activities



**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2006, the City's governmental funds reported combined ending fund balances of \$2,513.9 million, a decrease of \$580.0 million in comparison with the prior year. Over half of this total amount (\$1,446.8 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$126.7 million), 2) to pay debt service (\$155.0 million) and 3) to provide a long-term reserve (\$500 million) and 4) for a variety of other restricted purposes (\$54.4 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$26.8 million with a total fund balance of \$62.4 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 0.9 percent of total General Fund expenditures, while total fund balance represents 2.1 percent of that same amount.

The fund balance of the City's General Fund decreased by \$48.4 million during the current fiscal year. Expenditures and Other Financing Uses exceeded Revenues and Other Financing Sources by \$48.7 million.

The Federal, State and Local Grants Fund has a total fund balance of \$16.3 million, \$36.6 million of which is reserved for the resale property, while there is an unreserved, undesignated deficit of \$20.3 million.

The Bond, Note Redemption and Interest Fund has a total fund deficit of \$25.2 million. The net decrease in fund balance during the current year in the Bond, Note Redemption and Interest Fund was \$469.3 million primarily resulting from a 99 year lease of the City's underground parking garage system for \$563 million. The upfront payment is being amortized into revenue over the period of the lease (\$5.7 million annually).

The Community Development and Improvement Projects Fund has a total fund balance of \$652.1 million, of which \$63.7 million is reserved for encumbrances and the remaining \$588.5 million is unreserved, undesignated. The decrease in fund balance during the current year in the Community Development and Improvement Projects Fund was \$122.6 million.

The Reserve Fund has a total fund balance of \$731.0 million, of which \$500.0 million is reserved as a long-term trust. The remaining is designated for future appropriations.

Changes in fund balance. The City's governmental fund revenues (excluding other financing sources) increased by 2.7 percent or \$137.6 million.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Midway International Airport Funds at the end of the year amounted to a deficit of \$1,587.9 million. The total increase in unrestricted net assets related to changes in the \$1,940.0 million of net assets invested in capital assets, net of related debt and the \$971.7 million of net assets restricted is primarily due to assets being reserved for debt service,

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

construction, and rehabilitation. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's 2006 Original General Fund Budget is \$2,952.1 million. This budget reflects an increase of \$161.0 million (5.7 percent) over the 2005 Budget. The City's 2006 General Fund Budget was approved by the City Council on December 15, 2005.

The General Fund revenues and expenditures in 2006 ended the current fiscal year with an available unreserved fund balance of \$26.8 million, which is a \$30.8 million decrease over 2005.

The General Fund revenues on a budgetary basis were \$40.4 million less than the final budget as a result of lower than expected land sales, internal services, and transfers in. These revenues were offset by favorable results from various tax revenues. Expenditures were \$40.4 million less than budgeted as a result of favorable variances in general government, offset by an unfavorable variance in public safety. Additional information on the City's budget can be found in Note #3 under Stewardship, Compliance and Accountability within this report.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of December 31, 2006 amount to \$15,355.5 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

Major capital asset events during the current fiscal year included the following:

- Four new libraries opened in 2006:
 - ◆ West Chicago Avenue Branch on West Chicago Avenue;
 - ◆ Avalon Branch on 81st and Stony Island;
 - ◆ Bucktown-Wicker Park Branch on North Milwaukee Avenue; and
 - ◆ Vodak-East Side Branch on 3700 East 106th Street.
- State of the art police station was completed for the 8th Police District in the Chicago Lawn Community.
- Office of Emergency Management and Communication's City Incident Center (CIC) at 1400 West Madison was completed.
- The City's acquisition of the downtown Public Parking System, owned by the Chicago Park District as part of the City's concession lease transaction.
- The 2006 Water Main Replacement Program completed 31 miles of water mains at a replacement cost of \$28.0 million. Major completed capital projects include the Chicago Avenue Pumping Station rehabilitation project \$3.8 million consisting of a new roof, building facade, landscaping and lighting. Other projects include the Jardine Water Purification Plant window replacement at a cost of \$1.2 million and the fluoride equipment at a replacement cost of \$6.8 million.
- The 2006 Sewer Main Replacement Program completed 8.3 miles of sewer mains and 2 miles of relining of existing sewer mains at a cost of \$26.0 million.
- Midway International Airport expended \$88.9 million on capital activities principally due to terminal improvements, security enhancements, parking, runway, heating and refrigeration improvements as well as land acquisition.
- Chicago-O'Hare International Airport had capital asset additions in 2006 of \$754,808 (116.8 percent increase over 2005) principally due to land acquisition, terminal improvements, security enhancements, snow dump improvements, runway, roadway and parking improvements.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

**City of Chicago, Illinois
Capital Assets (net of depreciation)
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,234.0	\$ 1,229.9	\$ 592.0	\$ 353.4	\$ 1,826.0	\$ 1,583.3
Works of Art and Historical Collections	10.4	10.3	-	-	10.4	10.3
Construction in Progress	168.8	95.5	1,147.3	756.8	1,316.1	852.3
Buildings and Other Improvements	1,552.9	1,189.7	6,577.6	6,411.2	8,130.5	7,600.9
Machinery and Equipment	283.2	240.7	251.5	247.2	534.7	487.9
Infrastructure	<u>3,537.8</u>	<u>3,571.2</u>	<u>-</u>	<u>-</u>	<u>3,537.8</u>	<u>3,571.2</u>
Total	<u>\$ 6,787.1</u>	<u>\$ 6,337.3</u>	<u>\$ 8,568.4</u>	<u>\$ 7,768.6</u>	<u>\$ 15,355.5</u>	<u>\$ 14,105.9</u>

Information on the City's capital assets can be found in Note #7 of this report.

Debt. At the end of the current fiscal year, the City had \$5,561.1 million in General Obligation Bonds and Notes and \$323.5 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$155.7 million in Motor Fuel Tax Revenue Bonds; \$363.1 million of Sales Tax Revenue Bonds; \$355.4 million in Tax Increment Financing Bonds; \$9.2 million in Installment Purchase Agreements; and \$8,524.4 million in Enterprise Fund Bonds and long-term obligations.

**City of Chicago, Illinois
General Obligation and Revenue Bonds
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation	\$ 5,884.6	\$ 5,593.9	\$ -	\$ -	\$ 5,884.6	\$ 5,593.9
Installment Purchase Agreement	9.2	10.9	-	-	9.2	10.9
Tax Increment	355.4	411.2	-	-	355.4	411.2
Revenue Bonds	<u>518.8</u>	<u>530.6</u>	<u>8,524.4</u>	<u>8,748.3</u>	<u>9,043.2</u>	<u>9,278.9</u>
Total	<u>\$ 6,768.0</u>	<u>\$ 6,546.6</u>	<u>\$ 8,524.4</u>	<u>\$ 8,748.3</u>	<u>\$ 15,292.4</u>	<u>\$ 15,294.9</u>

During 2006, the City issued the following:

General Obligation Bonds and Notes:

- General Obligation Bonds, Direct Access Bonds Series 2006-1 (\$35.8 million)
- General Obligation Bonds, Project and Refunding Taxable Series 2006A and B (\$650.0 million)
- General Obligation Tender Notes Series 2006 (\$45.1 million)
- General Obligation Commercial Paper Notes (\$7.5 million)

Tax Increment Allocation and Revenue Bonds and Notes:

- Various Tax Increment Allocation Notes, Taxable Series 2006 (\$.5 million)

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Enterprise Fund Revenue Bonds and Notes:

- Water Second Lien Revenue Bonds, Series 2006 (\$215.4 million)
- Water Commercial Paper Notes (\$48.4 million)
- Wastewater Second Lien Revenue Bonds, Series 2006A and B (\$155.0 million)
- Chicago-O'Hare International Airport General Airport Third Lien Revenue Bonds, Project and Refunding Series 2006A, B, C and D (\$156.2 million)
- Chicago Midway International Airport Commercial Paper Notes (\$10.3 million)
- Water IEPA Loan (\$2.3 million)

At December 31, 2006 the City had credit ratings with each of the three major rating agencies as follows:

<u>Rating Agency</u>	<u>Moody's</u>	<u>Standard & Poors</u>	<u>Fitch</u>
General Obligation:			
City	Aa3	AA-	AA
Revenue Bonds:			
O'Hare Airport:			
First Lien	Aa3	AA	AA+
Second Lien	A1	A+	AA+
Third Lien	A1	A-	A
First Lien PFC	A1	AA-	A+
Second Lien PFC	A2	A	A
Midway Airport:			
First Lien	A2	A	A+
Second Lien	A3	A-	A
Water:			
First Lien	Aa3	AA-	AA+
Second Lien	A1	A+	AA
Wastewater:			
First Lien	n/a	n/a	n/a
Junior Lien	A2	A	AA-

In 2006 one rating agency upgraded the City's bond rating. Information on the City's long-term debt can be found in Note #10 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's economy showed a slight recovery as economically sensitive taxes increased in 2006. The City's real estate market continued to show strong activity as real estate transaction taxes exceeded the 2006 budget by 5.9 percent and increased \$6.0 million as compared to 2005. Total home sales including condominiums were less than 2005; however, the median price rose 2.9 percent to \$248,000.

Chicago remains a center of tourism and conventions with hotel occupancy increasing to a rate of 75.7 percent in 2006, a 4.6 percent increase from 2005. Hotel projects completed in 2006 included the Amalfi Hotel with 215 rooms and the Hampton Majestic Hotel with 135 rooms. Chicago had a full calendar of conventions in 2006. In 2006, Chicago increased the number of shows by 16 to a total of 132.

The City's unemployment rate of 5.2 percent in 2006 decreased from 7.0 percent in 2005; another sign of the rebounding economy.

On November 15, 2006, the City Council approved the City's 2007 General Fund Budget in the amount of \$3,097.7 million which includes a planned \$93.7 million utilization of Skyway lease proceeds. This budget reflects an increase over the 2006 General Fund budget of \$145.6 million (4.9 percent). The 2007 budget contains no increase in the property tax for the fourth year in a row.

**CITY OF CHICAGO, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006 - CONCLUDED**

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Comptroller's Office.

Exhibit 1
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET ASSETS
December 31, 2006
(Amounts are in Thousands of Dollars)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 963,668	\$ 176,696	\$ 1,140,364
Investments	1,369,840	77,778	1,447,618
Cash and Investments with Escrow Agent	424,348	-	424,348
Receivables (Net of Allowances):			
Property Tax	1,110,113	-	1,110,113
Accounts	695,002	179,663	874,665
Internal Balances	(9,775)	9,775	-
Inventories	17,805	16,611	34,416
Restricted Assets:			
Cash and Cash Equivalents	-	1,198,253	1,198,253
Investments	487,333	1,573,310	2,060,643
Other Assets	324,932	511,664	836,596
Capital Assets:			
Land, Improvements, Art, and Construction in Progress	1,413,212	1,739,244	3,152,456
Other Capital Assets, net of Accumulated Depreciation	5,373,872	6,829,202	12,203,074
Total Capital Assets	<u>6,787,084</u>	<u>8,568,446</u>	<u>15,355,530</u>
Total Assets	<u>\$ 12,170,350</u>	<u>\$ 12,312,196</u>	<u>\$ 24,482,546</u>
LIABILITIES			
Voucher Warrants Payable	\$ 349,039	\$ 321,357	\$ 670,396
Short-term Debt	747	-	747
Accrued Interest	127,796	166,321	294,117
Accrued and Other Liabilities	371,682	95,416	467,098
Unearned Revenue	114,650	127,765	242,415
Long-term Liabilities:			
Due Within One Year	308,384	168,712	477,096
Long-term Lease Obligation	562,501	1,793,030	2,355,531
Due in More Than One Year	9,313,326	8,315,796	17,629,122
Total Liabilities	<u>11,148,125</u>	<u>10,988,397</u>	<u>22,136,522</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	574,393	1,940,069	2,514,462
Restricted for:			
Capital Projects	136,463	216,307	352,770
Long-term Reserve	731,017	-	731,017
Debt Service	818,189	73,875	892,064
Federal, State and Local Grants	16,293	-	16,293
Other Purposes	749,198	681,487	1,430,685
Unrestricted (Deficit)	<u>(2,003,328)</u>	<u>(1,587,939)</u>	<u>(3,591,267)</u>
Total Net Assets	<u>\$ 1,022,225</u>	<u>\$ 1,323,799</u>	<u>\$ 2,346,024</u>

See notes to basic financial statements.

Exhibit 2
CITY OF CHICAGO, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

Functions/Programs	Expenses	Licenses, Permits, Fines and Charges for Services
Primary Government		
Governmental Activities:		
General Government	\$ 2,088,299	\$ 385,082
Public Safety	2,300,048	151,835
Streets and Sanitation	337,103	36,058
Transportation	292,679	10,224
Health	170,769	5,529
Cultural and Recreational	119,193	23,127
Interest on Long-term Debt	371,523	-
Total Governmental Activities	5,679,614	611,855
Business-type Activities:		
Water	324,075	330,439
Sewer	130,471	136,437
Chicago Midway International Airport	188,092	105,570
Chicago-O'Hare International Airport	697,497	545,916
Chicago Skyway	12,752	-
Total Business-type Activities	1,352,887	1,118,362
Total Primary Government	\$ 7,032,501	\$ 1,730,217

See notes to basic financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Assets Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 458,601	\$ 8,110	\$ (1,236,506)	\$ -	\$ (1,236,506)
62,414	-	(2,085,799)	-	(2,085,799)
-	-	(301,045)	-	(301,045)
-	134,595	(147,860)	-	(147,860)
121,840	-	(43,400)	-	(43,400)
16,424	-	(79,642)	-	(79,642)
-	-	(371,523)	-	(371,523)
<u>659,279</u>	<u>142,705</u>	<u>(4,265,775)</u>	<u>-</u>	<u>(4,265,775)</u>
-	-	-	6,364	6,364
-	-	-	5,966	5,966
-	53,827	-	(28,695)	(28,695)
-	219,200	-	67,619	67,619
-	293	-	(12,459)	(12,459)
<u>-</u>	<u>273,320</u>	<u>-</u>	<u>38,795</u>	<u>38,795</u>
<u>\$ 659,279</u>	<u>\$ 416,025</u>	<u>(4,265,775)</u>	<u>38,795</u>	<u>(4,226,980)</u>
General Revenues				
Taxes:				
Property Tax		700,636	-	700,636
Utility Tax		522,089	-	522,089
Sales Tax		288,052	-	288,052
Transportation Tax		337,780	-	337,780
Transaction Tax		339,020	-	339,020
Special Area Tax		460,940	-	460,940
Other Taxes		233,620	-	233,620
Grants and Contributions not Restricted to				
Specific Programs		654,017	-	654,017
Unrestricted Investment Earnings		148,631	97,556	246,187
Miscellaneous		51,774	27,383	79,157
Total General Revenues		3,736,559	124,939	3,861,498
Transfers		2,000	(2,000)	-
Change in Net Assets		(527,216)	161,734	(365,482)
Net Assets - Beginning		1,549,441	1,162,065	2,711,506
Net Assets - Ending		<u>\$ 1,022,225</u>	<u>\$ 1,323,799</u>	<u>\$ 2,346,024</u>

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants
ASSETS		
Cash and Cash Equivalents	\$ 1,426	\$ 18,701
Investments	6,348	18,065
Cash and Investments with Escrow Agent	-	31
Receivables (Net of Allowances):		
Property Tax	-	-
Accounts	196,453	28,751
Due From Other Funds	268,789	148,889
Due From Other Governments	212,334	156,605
Inventories	17,805	-
Restricted Investments	-	-
Other Assets	-	36,603
Total Assets	<u>\$ 703,155</u>	<u>\$ 407,645</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Voucher Warrants Payable	\$ 86,410	\$ 120,315
Bonds, Notes and Other Obligations Payable - Current	-	-
Accrued Interest	-	-
Due To Other Funds	377,312	152,556
Accrued and Other Liabilities	166,481	4,521
Claims Payable	9,871	-
Long-term Lease Obligation	-	-
Deferred Revenue	690	113,960
Total Liabilities	<u>640,764</u>	<u>391,352</u>
Fund Balance:		
Reserved for Encumbrances	17,752	-
Reserved for Resale Property	-	36,603
Reserved for Inventory	17,805	-
Reserved for Debt Service	-	-
Reserved for Long-term Trust Fund	-	-
Unreserved, Designated for Future Appropriations	-	-
Unreserved, Undesignated - Major Funds	26,834	(20,310)
Unreserved, Undesignated - Special Revenue Funds	-	-
Unreserved, Undesignated - Capital Projects Funds	-	-
Total Fund Balance	<u>62,391</u>	<u>16,293</u>
Total Liabilities and Fund Balance	<u>\$ 703,155</u>	<u>\$ 407,645</u>

See notes to basic financial statements.

Reserve	Bond, Note Redemption and Interest	Community Development and Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 204,094	\$ 20,376	\$ 719,071	\$ 963,668
256,815	229,605	664,596	194,411	1,369,840
-	259,678	-	164,639	424,348
-	353,478	-	756,635	1,110,113
5,734	17,357	6,084	20,068	274,447
22,112	113,561	56,673	158,910	768,934
-	1,192	-	50,424	420,555
-	-	-	-	17,805
487,333	-	-	-	487,333
-	-	-	-	36,603
<u>\$ 771,994</u>	<u>\$ 1,178,965</u>	<u>\$ 747,729</u>	<u>\$ 2,064,158</u>	<u>\$ 5,873,646</u>
\$ -	\$ -	\$ 38,242	\$ 90,168	\$ 335,135
-	148,542	-	3,590	152,132
-	122,395	-	3,499	125,894
40,977	39,217	57,300	140,568	807,930
-	-	57	49,200	220,259
-	-	-	-	9,871
-	562,501	-	-	562,501
-	331,471	-	699,866	1,145,987
<u>40,977</u>	<u>1,204,126</u>	<u>95,599</u>	<u>986,891</u>	<u>3,359,709</u>
-	-	63,657	45,244	126,653
-	-	-	-	36,603
-	-	-	-	17,805
-	(25,161)	-	180,203	155,042
500,000	-	-	-	500,000
231,017	-	-	-	231,017
-	-	588,473	-	594,997
-	-	-	743,663	743,663
-	-	-	108,157	108,157
<u>731,017</u>	<u>(25,161)</u>	<u>652,130</u>	<u>1,077,267</u>	<u>2,513,937</u>
<u>\$ 771,994</u>	<u>\$ 1,178,965</u>	<u>\$ 747,729</u>	<u>\$ 2,064,158</u>	<u>\$ 5,873,646</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,787,084
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,256,571
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(9,535,367)
Net assets of governmental activities	<u>\$ 1,022,225</u>

Exhibit 4
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	General	Federal, State and Local Grants	Reserve
Revenues:			
Property Tax	\$ -	\$ -	\$ -
Utility Tax	475,482	-	-
Sales Tax	537,441	-	-
Transportation Tax	152,798	-	-
State Income Tax	314,559	-	-
Transaction Tax	339,020	-	-
Special Area Tax	-	-	-
Other Taxes	216,888	-	-
Federal/State Grants	2,802	820,702	-
Internal Service	253,421	-	-
Licenses and Permits	117,689	-	-
Fines	203,023	-	-
Investment Income	12,861	-	35,242
Charges for Services	116,176	-	-
Miscellaneous	26,829	-	-
Total Revenues	2,768,989	820,702	35,242
Expenditures:			
Current:			
General Government	783,059	456,479	-
Health	39,349	126,406	-
Public Safety	1,783,993	64,265	-
Streets and Sanitation	253,290	-	-
Transportation	31,568	137,858	-
Cultural and Recreational	-	17,158	-
Employee Pensions	-	-	-
Other	3,874	4,863	-
Capital Outlay	-	8,110	-
Debt Service:			
Principal Retirement	5,045	-	-
Interest and Other Fiscal Charges	2,024	-	-
Total Expenditures	2,902,202	815,139	-
Revenues Over (Under) Expenditures ..	(133,213)	5,563	35,242

Continued on following pages.

Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 363,218	\$ -	\$ 302,772	\$ 665,990
22,308	-	24,299	522,089
19,186	-	2,529	559,156
20,981	-	164,001	337,780
-	-	65,552	380,111
-	-	-	339,020
-	-	374,342	374,342
-	-	16,732	233,620
-	-	-	823,504
-	-	21,770	275,191
-	-	-	117,689
-	-	18,796	221,819
14,308	43,269	42,951	148,631
-	-	39,039	155,215
1	5,317	19,627	51,774
<u>440,002</u>	<u>48,586</u>	<u>1,092,410</u>	<u>5,205,931</u>
-	-	283,944	1,523,482
-	-	7,839	173,594
-	-	3,098	1,851,356
-	-	100,538	353,828
-	-	74,955	244,381
-	-	82,683	99,841
-	-	396,923	396,923
-	-	375	9,112
-	772,520	134,681	915,311
294,735	-	75,248	375,028
291,553	-	37,930	331,507
<u>586,288</u>	<u>772,520</u>	<u>1,198,214</u>	<u>6,274,363</u>
<u>(146,286)</u>	<u>(723,934)</u>	<u>(105,804)</u>	<u>(1,068,432)</u>

Exhibit 4 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	<u>General</u>	<u>Federal, State and Local Grants</u>	<u>Reserve</u>
Other Financing Sources (Uses):			
Issuance of Debt	\$ -	\$ -	\$ -
Premium	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Transfers In	115,058	-	-
Transfers Out	<u>(30,500)</u>	<u>(4,448)</u>	<u>(78,497)</u>
Total Other Financing Sources (Uses)	<u>84,558</u>	<u>(4,448)</u>	<u>(78,497)</u>
Net Changes in Fund Balance	(48,655)	1,115	(43,255)
Fund Balance, Beginning of Year	110,819	15,178	774,272
Change in Inventory	<u>227</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 62,391</u>	<u>\$ 16,293</u>	<u>\$ 731,017</u>

See notes to basic financial statements.

Bond, Note Redemption and Interest	Community Development and Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 302,508	\$ 235,954	\$ 200,400	\$ 738,862
-	23,971	-	23,971
(276,607)	-	-	(276,607)
-	352,386	202,591	670,035
(348,875)	(10,977)	(194,738)	(668,035)
(322,974)	601,334	208,253	488,226
(469,260)	(122,600)	102,449	(580,206)
444,099	774,730	974,818	3,093,916
-	-	-	227
<u>\$ (25,161)</u>	<u>\$ 652,130</u>	<u>\$ 1,077,267</u>	<u>\$ 2,513,937</u>

Exhibit 5
CITY OF CHICAGO, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (580,206)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	452,877
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	121,244
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments	(126,093)
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	<u>(395,038)</u>
Change in the net assets of governmental activities	<u>\$ (527,216)</u>

See notes to basic financial statements.

Exhibit 6
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (BUDGETARY BASIS)
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
Utility Tax	\$ 487,200	\$ 487,200	\$ 475,482	\$ (11,718)
Sales Tax	243,000	243,000	266,337	23,337
Transportation Tax	148,300	148,300	152,798	4,498
Transaction Tax	315,500	315,500	339,020	23,520
Recreation Tax	125,700	125,700	126,069	369
Business Tax	74,400	74,400	87,082	12,682
State Income Tax	318,800	318,800	314,559	(4,241)
State Sales Tax	252,700	252,700	271,104	18,404
State Auto Rental	3,400	3,400	3,737	337
Federal/State Grants	2,000	2,000	2,802	802
Internal Service	270,723	270,723	253,421	(17,302)
Licenses and Permits	112,365	112,365	117,689	5,324
Fines	210,100	210,100	203,023	(7,077)
Investment Income	4,000	4,000	12,861	8,861
Charges for Services	85,700	85,700	89,704	4,004
Municipal Utilities	23,200	23,200	26,479	3,279
Leases, Rentals and Sales	36,050	36,050	14,199	(21,851)
Miscellaneous	20,800	20,800	12,623	(8,177)
Budgeted Prior Years' Surplus and Reappropriations	63,312	63,312	27,661	(35,651)
Transfers In/Out	154,857	154,857	115,058	(39,799)
Total Revenues	2,952,107	2,952,107	2,911,708	(40,399)
Expenditures:				
Current:				
General Government	860,814	860,814	795,376	65,438
Health	40,738	40,738	39,314	1,424
Public Safety	1,756,323	1,756,323	1,784,849	(28,526)
Streets and Sanitation	252,397	252,397	253,496	(1,099)
Transportation	34,419	34,419	31,319	3,100
Debt Service:				
Principal Retirement	5,045	5,045	5,045	-
Interest and Other Fiscal Charges	2,371	2,371	2,309	62
Total Expenditures	2,952,107	2,952,107	2,911,708	40,399
Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -

See notes to basic financial statements.

Exhibit 7
CITY OF CHICAGO, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Midway Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
ASSETS						
CURRENT ASSETS:						
Unrestricted Assets:						
Cash and Cash Equivalents	\$ 17,964	\$ 7,475	\$ 27,719	\$ 116,707	\$ 6,831	\$ 176,696
Investments	1,578	1,564	28,911	44,132	1,593	77,778
Accounts Receivable (Net of Allowances)	61,989	32,090	9,244	40,268	351	143,942
Due from Other Funds	14,974	23,872	3,014	17,345	238	59,443
Due from Other Governments	-	-	14,516	21,205	-	35,721
Inventories	14,744	1,867	-	-	-	16,611
Total Unrestricted Assets	111,249	66,868	83,404	239,657	9,013	510,191
Restricted Assets:						
Cash and Cash Equivalents	69,040	66,334	175,708	887,171	-	1,198,253
Investments	185,346	94,547	159,831	1,133,586	-	1,573,310
Total Restricted Assets	254,386	160,881	335,539	2,020,757	-	2,771,563
Total Current Assets	365,635	227,749	418,943	2,260,414	9,013	3,281,754
NONCURRENT ASSETS:						
OTHER ASSETS	10,534	7,487	87,530	395,691	10,422	511,664
PROPERTY, PLANT AND EQUIPMENT:						
Land	5,083	560	102,619	471,110	12,609	591,981
Structures, Equipment and Improvements	2,441,465	1,344,988	1,157,845	4,407,296	488,528	9,840,122
Accumulated Depreciation	(629,089)	(304,032)	(177,933)	(1,756,877)	(142,989)	(3,010,920)
Construction Work in Progress	107,764	9,817	88,608	941,074	-	1,147,263
Total Property, Plant and Equipment	1,925,223	1,051,333	1,171,139	4,062,603	358,148	8,568,446
Total Noncurrent Assets	1,935,757	1,058,820	1,258,669	4,458,294	368,570	9,080,110
Total Assets	\$ 2,301,392	\$ 1,286,569	\$ 1,677,612	\$ 6,718,708	\$ 377,583	\$ 12,361,864

See notes to basic financial statements.

Business-type Activities - Enterprise Funds						
Major Funds						
	Water	Sewer	Midway Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
LIABILITIES						
CURRENT LIABILITIES:						
Unrestricted Liabilities:						
Voucher Warrants Payable	\$ 19,245	\$ 9,483	\$ 14,582	\$ 47,804	\$ 328	\$ 91,442
Due to Other Funds	32,278	1,839	4,431	8,547	2,573	49,668
Accrued and Other Liabilities	45,703	17,954	-	13,454	566	77,677
Deferred Revenue	12,172	8,180	18,543	88,870	-	127,765
Total Unrestricted Liabilities	<u>109,398</u>	<u>37,456</u>	<u>37,556</u>	<u>158,675</u>	<u>3,467</u>	<u>346,552</u>
Restricted Liabilities:						
Current Liabilities Payable From						
Restricted Assets	61,930	28,530	94,393	397,834	-	582,687
Total Current Liabilities	<u>171,328</u>	<u>65,986</u>	<u>131,949</u>	<u>556,509</u>	<u>3,467</u>	<u>929,239</u>
NONCURRENT LIABILITIES:						
Revenue Bonds Payable	1,169,198	758,544	1,250,125	5,137,929	-	8,315,796
Long-term Lease Obligation	-	-	-	-	1,793,030	1,793,030
Total Noncurrent Liabilities	<u>1,169,198</u>	<u>758,544</u>	<u>1,250,125</u>	<u>5,137,929</u>	<u>1,793,030</u>	<u>10,108,826</u>
Total Liabilities	<u>1,340,526</u>	<u>824,530</u>	<u>1,382,074</u>	<u>5,694,438</u>	<u>1,796,497</u>	<u>11,038,065</u>
NET ASSETS:						
Invested in Capital Assets, Net of						
Related Debt	902,843	417,998	48,388	213,090	357,750	1,940,069
Restricted Net Assets:						
Debt Service	-	-	8,874	65,001	-	73,875
Capital Projects	1,998	751	42,879	168,420	2,259	216,307
Passenger Facility Charges	-	-	29,277	312,903	-	342,180
Contractual Use Agreement	-	-	39,118	91,455	-	130,573
Other	-	-	95,441	113,290	3	208,734
Unrestricted Net Assets	<u>56,025</u>	<u>43,290</u>	<u>31,561</u>	<u>60,111</u>	<u>(1,778,926)</u>	<u>(1,587,939)</u>
Total Net Assets	<u>\$ 960,866</u>	<u>\$ 462,039</u>	<u>\$ 295,538</u>	<u>\$ 1,024,270</u>	<u>\$ (1,418,914)</u>	<u>\$ 1,323,799</u>

See notes to basic financial statements.

Exhibit 8
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
Operating Revenues:						
Charges for Services	\$ 317,183	\$ 134,323	\$ 42,638	\$ 304,512	\$ -	\$ 798,656
Rent	-	-	62,932	241,404	-	304,336
Other	13,256	2,114	-	-	-	15,370
Total Operating Revenues	330,439	136,437	105,570	545,916	-	1,118,362
Operating Expenses:						
Personal Services	105,753	6,499	35,316	144,796	-	292,364
Contractual Services	57,192	1,213	13,326	45,357	-	117,088
Repairs and Maintenance	2,485	53,734	32,762	73,591	-	162,572
Commodities and Materials	9,527	-	-	-	-	9,527
Depreciation and Amortization	33,749	19,330	37,893	141,996	12,752	245,720
General Fund Reimbursements	34,809	22,569	-	-	-	57,378
Other	33,419	-	15,979	90,841	-	140,239
Total Operating Expenses	276,934	103,345	135,276	496,581	12,752	1,024,888
Operating Income (Loss)	53,505	33,092	(29,706)	49,335	(12,752)	93,474
Nonoperating Revenues (Expenses):						
Investment Income	3,834	1,063	15,104	77,400	155	97,556
Interest Expense	(47,141)	(27,126)	(52,816)	(200,916)	-	(327,999)
Passenger Facility Charges	-	-	31,610	147,962	-	179,572
Other	8,010	97	777	-	18,499	27,383
Total Nonoperating Revenues (Expenses)	(35,297)	(25,966)	(5,325)	24,446	18,654	(23,488)
Transfers Out	-	-	-	-	(2,000)	(2,000)
Capital Grants	-	-	22,217	71,238	293	93,748
Net Income (Loss)	18,208	7,126	(12,814)	145,019	4,195	161,734
Net Assets (Deficit) - Beginning of Year	942,658	454,913	308,352	879,251	(1,423,109)	1,162,065
Net Assets (Deficit) - End of Year	\$ 960,866	\$ 462,039	\$ 295,538	\$ 1,024,270	\$ (1,418,914)	\$ 1,323,799

See notes to basic financial statements.

Exhibit 9
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					Total
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	
Cash Flows from Operating Activities:						
Received from Customers	\$ 332,975	\$ 134,128	\$ 97,449	\$ 505,841	\$ -	\$ 1,070,393
Payments to Vendors	(101,166)	(29,923)	(66,968)	(197,891)	(50)	(395,998)
Payments to Employees	(122,631)	(40,137)	(24,799)	(134,225)	-	(321,792)
Transactions with Other City Funds	(60,426)	(14,652)	(5,583)	(38,338)	-	(118,999)
Cash Flows from Operating Activities	48,752	49,416	99	135,387	(50)	233,604
Cash Flows from Capital and Related Financing Activities:						
Financing Activities:						
Proceeds from Issuance of Bonds	271,883	165,486	10,269	158,239	-	605,877
Proceeds from Long-Term Lease	-	-	-	-	121	121
Acquisition and Construction of Capital Assets						
Capital Grant Receipts	-	-	7,759	83,701	293	91,753
Bond Issuance Costs	-	(1,811)	-	(2,805)	-	(4,616)
Payment to Refund Bonds	-	(98,945)	-	(510,261)	-	(609,206)
Principal Paid on Bonds	(115,681)	(15,500)	(7,340)	(72,370)	-	(210,891)
Interest Paid	(48,754)	(35,351)	(62,162)	(251,074)	-	(397,341)
Passenger Facility Charges	-	-	32,160	145,320	-	177,480
Noise Mitigation Program	-	-	(29,085)	(19,625)	-	(48,710)
Intergovernmental Loan	-	-	-	-	(20,000)	(20,000)
Cash Flows from Capital and Related Financing Activities	2,362	(27,057)	(109,849)	(1,104,290)	(26,423)	(1,265,257)
Cash Flows from Investing Activities:						
Sale (Purchases) of Investments, Net	(74,048)	(22,134)	28,448	(275,516)	4,660	(338,590)
Investment Interest	9,330	5,342	19,870	86,267	453	121,262
Cash Flows from Investing Activities	(64,718)	(16,792)	48,318	(189,249)	5,113	(217,328)
Net Increase (Decrease) in Cash and Cash Equivalents	(13,604)	5,567	(61,432)	(1,158,152)	(21,360)	(1,248,981)
Cash and Cash Equivalents, Beginning of Year	100,608	68,242	264,859	2,162,030	28,191	2,623,930
Cash and Cash Equivalents, End of Year	\$ 87,004	\$ 73,809	\$ 203,427	\$ 1,003,878	\$ 6,831	\$ 1,374,949

See notes to basic financial statements.

Exhibit 9 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds					
	Major Funds					
	Water	Sewer	Chicago Midway International Airport	Chicago- O'Hare International Airport	Chicago Skyway	Total
Reconciliation of Operating Income to						
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ 53,505	\$ 33,092	\$ (29,706)	\$ 49,335	\$ (12,752)	\$ 93,474
Adjustments to Reconcile:						
Depreciation and Amortization	33,749	19,330	37,893	141,996	12,752	245,720
Provision for Uncollectible Accounts	3,563	-	(8)	(825)	-	2,730
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables	2,102	(1,922)	(1,747)	4,127	-	2,560
(Increase) Decrease in Due From Other Funds	(2,444)	7,953	611	(159)	-	5,961
Increase (Decrease) in Voucher Warrants						
Payable and Due to Other Funds	(28,768)	(5,159)	(344)	(14,352)	(50)	(48,673)
Increase (Decrease) in Deferred Revenue						
and Other Liabilities	(9,156)	(3,722)	(6,600)	(44,735)	-	(64,213)
(Increase) Decrease in Inventories and						
Other Assets	(3,799)	(156)	-	-	-	(3,955)
Cash Flows from						
Operating Activities	<u>\$ 48,752</u>	<u>\$ 49,416</u>	<u>\$ 99</u>	<u>\$ 135,387</u>	<u>\$ (50)</u>	<u>\$ 233,604</u>
Supplemental Disclosure of						
Noncash Items:						
Capital asset additions in 2006						
included in accounts payable						
and accrued and other liabilities	<u>\$ 22,164</u>	<u>\$ 5,208</u>	<u>\$ 27,569</u>	<u>\$ 174,090</u>	<u>\$ 398</u>	<u>\$ 229,429</u>

See notes to basic financial statements.

Exhibit 10
CITY OF CHICAGO, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2006
(Amounts are in Thousands of Dollars)

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 300,793	\$ 163,642
Investments	-	29,805
Investments, at Fair Value		
Bonds and U.S. Government		
Obligations	3,278,056	-
Stocks	9,011,895	-
Mortgages and Real Estate	359,087	-
Other	1,003,685	-
Cash and Investments with		
Escrow Agent	-	17,222
Property Tax Receivable	-	17,858
Accounts Receivable, Net	753,031	133,246
Due From City	29,221	-
Invested Securities Lending Collateral	1,967,126	-
Total Assets	<u>\$ 16,702,894</u>	<u>\$ 361,773</u>
LIABILITIES		
Voucher Warrants Payable	\$ 571,419	\$ 111,328
Due To City	-	-
Accrued and Other Liabilities	-	250,445
Securities Lending Collateral	1,967,126	-
Total Liabilities	<u>2,538,545</u>	<u>361,773</u>
NET ASSETS		
Reserved for Employee		
Benefit Plans	14,164,349	-
Total Net Assets	<u>\$ 14,164,349</u>	<u>\$ -</u>

See notes to basic financial statements.

Exhibit 11
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CHANGES IN PLAN NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	<u>Total</u>
ADDITIONS	
Contributions:	
Employees	\$ 284,446
City	<u>393,829</u>
Total Contributions	<u>678,275</u>
Investment Income:	
Net Appreciation in	
Fair Value of Investments	1,284,992
Interest, Dividends and Other	335,972
Investment Expense	<u>(50,644)</u>
Net Investment Income	<u>1,570,320</u>
Securities Lending Transactions:	
Securities Lending Income	97,290
Securities Lending Expense	<u>(91,509)</u>
Net Securities Lending Transactions	<u>5,781</u>
Total Additions	<u>2,254,376</u>
DEDUCTIONS	
Benefits and Refunds of Deductions	1,320,895
Administrative and General	<u>14,577</u>
Total Deductions	<u>1,335,472</u>
Net Increase in Net Assets	<u>918,904</u>
Net Assets Held in Trust for	
Pension Benefits:	
Beginning of Year	<u>13,245,445</u>
End of Year	<u>\$ 14,164,349</u>

See notes to basic financial statements.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

1) Summary of Significant Accounting Policies

The City of Chicago (City), incorporated in 1837, is a "home rule" unit under State of Illinois (State) law. The City has a mayor-council form of government. The Mayor is the Chief Executive Officer of the City and is elected by general election. The City Council is the legislative body and consists of 50 members, each representing one of the City's 50 wards. The members of the City Council are elected through popular vote by ward for four-year terms.

The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB). For the year ended December 31, 2006, the City adopted GASB Statement No. 44, *Economic Condition Reporting; the Statistical Section*.

- a) **Reporting Entity** - The City includes the Chicago Public Library and the City-related funds of the Public Building Commission. The financial statements for the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), applicable to governmental units, as required by the Municipal Code of Chicago (Code).

The City's financial statements blend the following legally separate component units because they are fiscally dependent on the City and perform services primarily for City employees:

The Municipal Employees' Annuity and Benefit Fund of Chicago is governed by a five-member board: three members are elected by plan participants and two are members ex-officio.

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is governed by an eight-member board: two members are elected by plan participants, two are members ex-officio, two members are appointed by the City Department of Human Resources, one member is elected by retired plan participants and one member is elected by the local labor union.

The Policemen's Annuity and Benefit Fund of Chicago is governed by an eight-member board: four members are elected by plan participants and four are appointed by the Mayor.

The Firemen's Annuity and Benefit Fund of Chicago is governed by an eight-member board: four members are elected by plan participants and four are members ex-officio.

Financial statements for each of the pension plans may be obtained at the respective fund's office.

Related Organizations - City officials are responsible for appointing a voting majority of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making appointments and no fiscal dependency exists between the City and these organizations. The Chicago Park District, Chicago Public Schools, Community College District No. 508, Chicago Housing Authority and the Chicago Transit Authority are deemed to be related organizations.

- b) **Government-wide and fund financial statements** - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

- c) **Measurement focus, basis of accounting, and financial statement presentation** - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period with the exception of property tax revenue, which is deferred unless taxes are received within 60 days subsequent to year-end. Licenses and permits, charges for services and miscellaneous revenues are not considered to be susceptible to accrual and are recorded as revenues when received in cash. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for interest and principal on long-term debt, the long-term portion of compensated absences, claims and judgments and pension obligations.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Federal, State and Local Grants Fund accounts for the expenditures for programs, which include general government, health, public safety, transportation, aviation, cultural and recreational, and capital outlays. The majority of revenues are provided by several agencies of the Federal government, departments of the Illinois State government and City resources.

Reserve Fund accounts for a Mid-term and Long-term Reserve. The Mid-term is subject to appropriation; whereas the Long-term's principal is legally restricted. These reserves were created as a result of the Skyway Lease Transaction.

Bond, Note Redemption and Interest Fund accounts for the expenditures for principal and interest as provided by property tax, utility tax, sales tax, transportation tax, and investment income.

Community Development and Improvement Projects Funds account for proceeds of debt used to acquire property and finance construction and supporting services for various redevelopment projects.

The City reports the following major proprietary funds as business-type activities:

Water Fund accounts for the operations of the Chicago Water System (Water). The Water system purifies and provides Lake Michigan water for the City and 125 suburbs. The Water Fund operates two water treatment facilities and 12 pumping stations with a combined pumping capacity of 3,661 million gallons per day.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Sewer Fund accounts for the operations of the Wastewater Transmission System (Sewer). The Sewer system transports wastewater to the Metropolitan Water Reclamation District of Greater Chicago for processing and disposal. This service is provided for the residents and businesses of the City and certain suburban customers.

Midway International Airport Fund records operations of Midway International Airport (Midway) that provides regional travelers with access to airlines that generally specialize in low-cost, point-to-point, origin and destination passenger service. Midway Airport is conveniently located 10 miles from downtown Chicago. The Chicago Department of Aviation celebrated the completion of the historic Midway Airport Terminal Development Program in 2004, an eight year program that transformed Chicago's southwest side airport. Throughout the redevelopment of Midway, the airport experienced record-breaking growth, and today remains one of the fastest growing airports in the nation.

Chicago-O'Hare International Airport Fund records operations of Chicago-O'Hare International Airport (O'Hare), the primary commercial airport for the City. The airlines servicing the airport operate out of four terminal buildings. Three domestic terminal buildings, having a total of 157 gates, serve domestic flights and certain international departures. The International Terminal, having a total of 21 gates and five remote aircraft parking positions, serves the remaining international departures and all international arrivals requiring customs clearance.

Chicago Skyway Fund records operations of the Chicago Skyway (Skyway) which provides vehicle passage across the Calumet River, between the State of Indiana and the State of Illinois (State) through the operation of a tollway which consists of a 7.8-mile span connecting the Dan Ryan Expressway to the Indiana Toll Road. Facilities include a single toll plaza consisting of a central office, maintenance garage and toll collection area. In January 2005, the City entered into a long-term Concession and Lease Agreement of the Skyway, granting a private company the ability to operate and to collect toll revenue during the 99-year term of the agreement. The City received a one-time upfront payment of \$1.83 billion.

Additionally, the City reports the following fiduciary fund types:

Pension Trust Funds report expenditures for employee pensions as provided by employee and employer contributions and investment earnings.

Agency Funds account for transactions for assets held by the City as agent for certain activities or for various entities. Payroll deductions and special deposits are the primary transactions accounted for in these funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's water, sewer, airports and skyway funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods and services, or privileges provided, or fines, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

In the fund financial statements, proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and skyway funds are charges to customers for sales and services. The airport funds principal operating revenues are derived from landing fees and terminal use charges as well as rents and concessions. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

d) Assets, liabilities, and net assets or equity

- i) **Cash, Cash Equivalents and Investments** generally are held with the City Treasurer as required by the Code. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly. The City uses separate escrow accounts in which certain tax revenues are deposited and held for payment of debt.

The Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, State and U.S. Government; U.S. Treasury bills and other noninterest-bearing general obligations of the U.S. Government purchased in the open market below face value; domestic money market funds regulated and in good standing with the Securities and Exchange Commission and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval. The City's four retirement plans are established by State law and administered by independent pension boards. Each independent pension board has authority to invest the assets of its respective plan subject to State law.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City Treasurer requires that securities that are pledged to secure these agreements have a market value equal to the cost of the repurchase agreements plus accrued interest.

Investments generally may not have a maturity date in excess of two years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Deficit cash balances result in interfund borrowings from the aggregate of funds other than escrowed funds. Interest income and expense are generally not recognized on these interfund borrowings.

State statutes and the City's Pension Plans' policies permit lending Pension Plan securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Securities lent at year-end for cash collateral are presented as not categorized in the schedule of custodial credit risk; securities lent for securities collateral are classified according to the category for the collateral.

- ii) **Receivables and Payables** activity between funds are representative of services rendered, outstanding at the end of the fiscal year, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance is based on historical trends. The estimated value of services provided but unbilled at year-end has been included in receivables.

- iii) **Inventory** includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as expenses when used (consumption method). Governmental fund inventories are accounted for using the purchases method and are offset by a reservation of fund balance to indicate that they do not represent expendable available financial resources.
- iv) **Assets Held for Resale** includes land and buildings of \$36.6 million, recorded at lower of cost or market in the Federal, State and Local Grant Funds. These assets are purchased through the use of federal grants and City resources and are intended to be resold.
- v) **Restricted Assets** include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

The Skyway Lease Transaction legally requires the Long-term reserve's principal to be restricted.

The Water and Sewer funds maintain Rate Stabilization Accounts where any net revenues remaining after providing sufficient funds for all required deposits in the bond accounts may be transferred upon the direction of the City to be used for any lawful purpose of the specific fund.

The O'Hare and Midway funds maintain Passenger Facility Charge accounts as restricted as they are subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital and debt related activities.

- vi) **Capital Assets**, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets, or a network of assets, with an initial cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$659.5 million. An additional \$103.5 million was incurred and capitalized as part of the capital assets under construction projects in proprietary funds.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Utility plant.....	25 - 100 years
Utility structures and improvements.....	50 - 100 years
Buildings and improvements.....	5 - 40 years
Airport runways, aprons, tunnels, taxiways, and paved roads.....	5 - 40 years
Bridge infrastructure.....	10 - 50 years
Lighting infrastructure.....	25 years
Street infrastructure.....	10 - 25 years
Transit infrastructure.....	10 - 40 years
Equipment (vehicle, office, and computer)	4 - 33 years

The City has a collection of artwork and historical treasures presented for public exhibition and education that are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other acquisitions. A portion of this collection is not capitalized or depreciated as part of capital assets.

vii) **Employee Benefits** are granted for vacation and sick leave, workers' compensation and health care. Unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Third-party administrators who maintain the investment portfolio administer the Plan. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State. Expenditures for workers' compensation are recorded when paid in the governmental funds. A liability for these amounts is recorded in the government-wide, proprietary and fiduciary fund financial statements.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

- viii) **Judgments and claims** are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Amounts that related to deferred compensatory time and reserves for questioned costs are treated the same way.
- ix) **Long-term obligations** are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these arrangements, no amounts are recorded in the financial statements. All interest rate swaps and swaptions are approved by City Council.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts given on debt issued are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Long-term lease obligation represents the amount to be recognized as revenue on a straight line basis over the life of the Skyway and Parking Garages leases.

- x) **Fund equity** in the government-wide statements is classified as net assets and displayed in three components:
- (1) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - (2) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) are legally restricted through constitutional provisions or enabling legislation. Restricted net assets for governmental activities represent restrictions associated with the nonmajor special revenue funds. Restricted net assets for business activities are provided in Exhibit #7, Statement of Net Assets, Proprietary Funds.
 - (3) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

2) Reconciliation of Government-wide and Fund Financial Statements

a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets.

i) The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$1,256.6 million are as follows (dollars in thousands):

Deferred revenue - property tax.....	\$	1,031,337
Other assets - pension excess.....		239,139
Accounts payable - infrastructure retainage.....		<u>(13,905)</u>
Net adjustment to increase fund balance - total governmental funds - to arrive at net assets - governmental activities.....	\$	<u><u>1,256,571</u></u>

ii) Another element of that reconciliation explains that "Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$9,535.4 million are as follows (dollars in thousands):

Long-term liabilities:		
Total bonds, notes and certificates payable.....	\$	6,920,819
Pension obligation.....		1,895,513
Lease obligation.....		278,863
Claims and judgments.....		<u>526,515</u>
Total Long-term liabilities.....		9,621,710
Bonds, notes and other obligations payable current.....		(149,875)
Other assets - issuance costs.....		(51,191)
Accrued interest.....		2,392
Accrued and other liabilities - pension accrual.....		-
Accrued and other liabilities - compensated absences.....		<u>112,331</u>
Net adjustment to reduce fund balance - total governmental funds - to arrive at net assets - governmental activities.....	\$	<u><u>9,535,367</u></u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

i) The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$452.9 million are as follows (dollars in thousands):

Capitalized asset expenditures.....	\$	792,261
Depreciation expense.....		(327,579)
Loss - disposal of equipment.....		<u>(11,805)</u>
Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities.....	\$	<u>452,877</u>

ii) Another element of that reconciliation states that "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets." The details of this \$126.1 million are as follows (dollars in thousands):

Proceeds of debt	\$	(738,862)
Premium		(23,971)
Payment of refunded bond escrow agent		276,607
Principal retirement		375,028
Payment of cost of issuance		13,071
Interest expense		<u>(27,966)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities	\$	<u>(126,093)</u>

iii) A third element of that reconciliation states that "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$395.0 million are as follows (dollars in thousands):

Claims and judgments.....	\$	22,846
Pension benefit liability.....		(393,282)
Vacation.....		(10,779)
Lease obligations.....		(14,050)
Inventory.....		<u>227</u>
Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net assets - governmental activities.....	\$	<u>(395,038)</u>

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

3) Stewardship, Compliance and Accountability

- a) **Annual Appropriation Budgets** are established for the General Fund and the Vehicle Tax, Pension, Chicago Public Library and certain Miscellaneous, Special Events, Tourism and Festivals and Health and Welfare nonmajor Special Revenue Funds, on a non-GAAP budgetary basis:
- i) Prior to November 15, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
 - ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
 - iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
 - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose except for the Motor Fuel Tax Fund, which is subsequently re-appropriated by project. A separate Motor Fuel Tax Fund Report demonstrates compliance with annual and project-length budgets required by the State. The separately issued Supplement to the Comprehensive Annual Financial Report provides budgetary information for all other budgeted funds. Copies of this report are available upon request.
 - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.
- b) **Reconciliation of GAAP Basis to Budgetary Basis** - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are reflected as reservations of fund balances for GAAP purposes. For budgetary purposes, proceeds of long-term debt and transfers in are classified as revenues. For budgetary purposes prior years' resources used to cover current year budgetary expenditures are recorded as revenues. For GAAP purposes, proceeds of long-term debt and transfers out are treated as other financing sources. Provision for doubtful account expenditures are not budgeted. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2006 is as follows (dollars in thousands):

	General Fund
Revenues, GAAP Basis.....	\$ 2,768,989
Add:	
Transfers In.....	115,058
Prior Year's Surplus Utilized.....	<u>27,661</u>
Revenues, Budgetary Basis.....	<u>\$ 2,911,708</u>
Expenditures, GAAP Basis.....	\$ 2,902,202
Add:	
Transfers Out.....	30,500
Encumbered in 2006.....	17,752
Deduct:	
Payments on Prior Years' Encumbrances.....	(34,872)
Provision for Doubtful Accounts.....	<u>(3,874)</u>
Expenditures, Budgetary Basis.....	<u>\$ 2,911,708</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

- c) **Individual Funds over Budget** include the Special Events, Tourism and Festivals Fund (\$4.0 million), and Pension Fund (\$16.1 million).
- d) **Individual Fund Deficits** include the Vehicle Tax Fund, Motor Fuel Tax Fund, the Special Events, Tourism and Festivals Fund, which are Special Revenue Funds and the Chicago Skyway Fund, an Enterprise Fund, have fund deficits of \$9.3 million, \$1.0 million, \$0.2 million, and \$1,418.9 million, respectively, which management anticipates will be funded through operations.

4) Restricted and Unrestricted Cash, Cash Equivalents and Investments

- a) **Investments** As of December 31, 2006, the City had the following Investments (dollars in thousands):

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Fair Value</u>
	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	
City Funds					
U.S. Treasuries.....	\$ 118,772	\$ 1,946	\$ 426	\$ 24,406	\$ 145,550
U.S. Agencies.....	3,133,429	729,314	167,873	254,072	4,284,688
Commercial Paper.....	243,323	-	-	-	243,323
Corporate Bonds.....	306	-	-	224,279	224,585
Corporate Equities.....	4,821	-	-	-	4,821
Certificates of Deposit and Other Short-term	1,364,452	-	-	-	1,364,452
Total City Funds.....	\$ 4,865,103	\$ 731,260	\$ 168,299	\$ 502,757	\$ 6,267,419
Pension Trust Funds					
U.S. and Foreign Government Agencies.....	\$ 379,208	\$ 358,304	\$ 164,226	\$ 716,049	\$ 1,617,787
Commercial Paper.....	-	-	-	-	-
Corporate Bonds.....	371,307	393,467	229,988	668,503	1,663,265
Corporate Equities.....	8,463,396	-	-	-	8,463,396
Pooled Funds.....	131,425	-	-	-	131,425
Real Estate.....	62,050	-	-	-	62,050
Investments Held by Master Custodian under Securities Loans.....	288,027	-	-	-	288,027
Securities Received from Securities Lending.....	1,967,127	-	-	-	1,967,127
Venture Capital.....	323,326	-	-	-	323,326
Certificates of Deposit and Other Short-term	654,527	-	-	-	654,527
Total Pension Trust Funds.....	\$ 12,640,393	\$ 751,771	\$ 394,214	\$ 1,384,552	\$ 15,170,930
Total.....	\$ 17,505,496	\$ 1,483,031	\$ 562,513	\$ 1,887,309	\$ 21,438,349

- i) **Interest Rate Risk** As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits all securities so purchased, except tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation of the City, shall show on their face that they are fully payable as to principal and interest, where applicable, if any, within two years from the date of purchase.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED

ii) *Credit Risk* The Code limits investments in commercial paper to banks whose senior obligations are rated in the top two rating categories by at least two national rating agencies and who are required to maintain such rating during the term of such investment. The Code also limits investments to domestic money market mutual funds regulated by, and in good standing with, the Securities and Exchange Commission. Certificates of Deposit are also limited by the Code to national banks which provide collateral of at least 110 percent by marketable U.S. government securities marked to market at least monthly; or secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category, as rated by a nationally recognized statistical rating organization maintaining such rating during the term of such investment. The following schedule summarizes the City's and Pension Trust Funds exposure to credit risk (dollars in thousands):

<u>Quality Rating</u>	<u>City</u>	<u>Pension Plans</u>
Aaa/AAA.....	\$ 5,908,830	\$ 1,133,802
Aa/AA.....	243,322	83,225
A/A.....	-	164,011
Baa/BBB.....	-	233,589
Ba/BB.....	-	28,270
B/B.....	-	43,157
Caa/CCC.....	-	7,052
Not Rated.....	-	1,177,833
Not Applicable.....	115,267	-
Total Funds.....	<u>\$ 6,267,419</u>	<u>\$ 2,870,939</u>

iii) *Custodial Credit Risk – Cash and Certificates of Deposit* This is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy states that in order to protect the City's deposits, depository institutions are to maintain collateral pledges on City deposits during the term of the deposit of at least 110 percent of marketable U.S. government, or approved securities or surety bonds, issued by top-rated insurers. Collateral is required as security whenever deposits exceed the insured limits of the FDIC. Cash and certificates of deposit with the City's various municipal depositories were \$214.9 million at December 31, 2006 and the related bank balance (including certificates of deposit) was \$248.4 million. Of the bank balance, \$247.6 million or 99.7 percent was either insured or collateralized with securities held by City agents in the City's name. The remainder was uninsured and uncollateralized.

iv) *Custodial Credit Risk – Investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in corporate bonds of \$1,887.9 million the City has no custodial credit risk exposure because the related securities are insured, registered and held by the City.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED

- v) *Foreign Currency Risk* - In the case of the Pension Trust Funds, is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The risk of loss is managed by limiting its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios. The following schedule summarizes the Pension Trust Funds exposure to foreign currency risk (dollars in thousands):

Foreign Currency Risk	
Australian dollar.....	\$ 43,809
Brazilian real.....	29,265
British pound.....	286,689
Canadian dollar.....	31,099
Chilean peso.....	2,459
Czech Republic koruny.....	218
Danish krone.....	4,705
Egyptian pound.....	822
European euro.....	474,064
Hong Kong dollar.....	79,214
Hungarian forint.....	3,701
Indian rupee.....	22,830
Indonesian rupiah.....	10,689
Japanese yen.....	304,019
Malaysian ringgit.....	5,013
Mexican peso.....	26,153
Netherlands guilders.....	11
New Israeli shekel.....	2,773
New Taiwan dollar.....	19,967
New Zealand dollar.....	564
Norwegian krone.....	10,335
Pakistan rupees.....	257
Philippines peso.....	786
Polish zloty.....	668
Singapore dollar.....	30,016
South African rand.....	26,994
South Korean won.....	47,179
Swedish krona.....	29,876
Swiss franc.....	126,332
Taiwan dollar.....	20,469
Thailand baht.....	4,940
Turkish lira.....	4,304
Total Pension Trust Funds.....	<u>\$ 1,650,220</u>

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

vi) The following schedule summarizes the cash and investments reported in the basic financial statements (dollars in millions):

Per Note 4:	
Investments - City.....	\$ 6,267,419
Investments - Pension Funds.....	<u>15,170,930</u>
	<u>\$ 21,438,349</u>
Per Financial Statements:	
Restricted Investments.....	\$ 2,060,643
Unrestricted Investments.....	1,447,618
Investments with Fiduciary Funds.....	13,682,528
Investments with Escrow Agent.....	441,570
Invested Securities Lending Collateral.....	1,967,126
Investments included as cash and cash equivalents on the Statements of Net Assets.....	<u>1,838,864</u>
	<u>\$ 21,438,349</u>

5) Property Tax

The City's property tax becomes a lien on real property on January 1 of the year it is levied. The Cook County Assessor (Assessor) is responsible for the assessment of all taxable real property within Cook County (County), except for certain railroad property assessed directly by the State. The County Board has established a triennial cycle of reassessment in which one-third of the County will be reassessed each year on a repeating schedule established by the Assessor.

Property in the County is separated into nine classifications for assessment purposes. After the Assessor establishes the fair market value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (Assessed Valuation) for that parcel. These percentages range from 16.0 percent for certain residential, commercial, and industrial property to 38.0 percent for other commercial and industrial property.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the State. Each year, the Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment among counties. This factor (Equalization Factor) is then applied to the Assessed Valuation to compute the valuation of property to which a tax rate will be applied (Equalized Assessed Valuation). The County Clerk adds the Equalized Assessed Valuation of all real property in the County to the valuation of property assessed directly by the State (to which the Equalization Factor is not applied) to arrive at the base amount (Assessment Base) used in calculating the annual tax rates.

The County Clerk computes the annual tax rate by dividing the levy by the Assessment Base and then computes the rate for each parcel of real property by aggregating the tax rates of all governmental units having jurisdiction over that particular parcel. The County Treasurer then issues the tax bills. Property taxes are deposited with the County Treasurer, who remits to the City its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year on March 1 and August 1 or 30 days from mailing of tax bills if later than July 1. The first installment is estimated and is one-half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization and also reflects any changes from the prior year.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

The City Council has adopted an ordinance beginning in 1994, limiting the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy plus the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index, all as defined in the ordinance. The ordinance provides a safe harbor for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy, all as provided by the ordinance. Increases in the debt service portion of each levy may, however, reduce amounts available within such levy to finance operations.

6) Interfund Balances and Transfers

- a) The following balances at December 31, 2006 represent due from/to balances among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Governmental activities:		
General.....	\$ 268,789	\$ 377,312
Federal, State and Local Grants.....	148,889	152,556
Reserve.....	22,112	40,977
Bond, Note Redemption and Interest.....	113,561	39,217
Community Development and Improvement Projects....	56,673	57,300
Nonmajor governmental funds.....	<u>158,910</u>	<u>140,568</u>
Total Governmental activities.....	768,934	807,930
Business-type activities:		
Water.....	14,974	32,278
Sewer.....	23,872	1,839
Chicago Midway International Airport.....	3,014	4,431
Chicago-O'Hare International Airport.....	17,345	8,547
Chicago Skyway.....	<u>238</u>	<u>2,573</u>
Total Business-type activities.....	59,443	49,668
Fiduciary activities:		
Pension Trust.....	29,221	-
Agency.....	<u>-</u>	<u>-</u>
Total Fiduciary activities.....	<u>29,221</u>	<u>-</u>
Total.....	<u>\$ 857,598</u>	<u>\$ 857,598</u>

The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

b) The following balances at December 31, 2006 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental activities:		
General.....	\$ 115,058	\$ 30,500
Federal, State and Local Grants.....	-	4,448
Reserve.....	-	78,497
Bond, Note Redemption and Interest.....	-	348,875
Community Development and Improvement Projects....	352,386	10,977
Nonmajor governmental funds.....	202,591	194,738
	<u>670,035</u>	<u>668,035</u>
Total Governmental activities.....		
	670,035	668,035
Business-type activities:		
Chicago Skyway.....	-	2,000
	<u>-</u>	<u>2,000</u>
Total Business-type activities.....		
	-	2,000
Total.....	<u>\$ 670,035</u>	<u>\$ 670,035</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

7) Capital Assets

a) **Capital Assets** activity for the year ended December 31, 2006 was as follows (dollars in thousands):

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Disposals and Transfers</u>	<u>Balance December 31, 2006</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land.....	\$ 1,229,923	\$ 14,239	\$ (10,170)	\$ 1,233,992
Works of Art and Historical Collections.....	10,270	120	-	10,390
Construction in Progress.....	<u>95,504</u>	<u>287,221</u>	<u>(213,895)</u>	<u>168,830</u>
Total capital assets, not being depreciated.....	<u>1,335,697</u>	<u>301,580</u>	<u>(224,065)</u>	<u>1,413,212</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	1,623,879	409,303	(231)	2,032,951
Machinery and Equipment.....	861,481	110,343	(6,748)	965,076
Infrastructure.....	<u>5,528,783</u>	<u>181,866</u>	<u>-</u>	<u>5,710,649</u>
Total capital assets, being depreciated.....	8,014,143	701,512	(6,979)	8,708,676
Less accumulated depreciation for:				
Buildings and Other Improvements.....	434,148	45,923	-	480,071
Machinery and Equipment.....	620,823	66,372	(5,344)	681,851
Infrastructure.....	<u>1,957,598</u>	<u>215,284</u>	<u>-</u>	<u>2,172,882</u>
Total accumulated depreciation.....	<u>3,012,569</u>	<u>327,579</u>	<u>(5,344)</u>	<u>3,334,804</u>
Total capital assets, being depreciated, net.....	<u>5,001,574</u>	<u>373,933</u>	<u>(1,635)</u>	<u>5,373,872</u>
Total governmental activities.....	<u>\$ 6,337,271</u>	<u>\$ 675,513</u>	<u>\$ (225,700)</u>	<u>\$ 6,787,084</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 353,434	\$ 238,547	\$ -	\$ 591,981
Construction in Progress.....	756,779	675,901	(285,417)	1,147,263
Total capital assets, not being depreciated.....	<u>1,110,213</u>	<u>914,448</u>	<u>(285,417)</u>	<u>1,739,244</u>
Capital assets, being depreciated:				
Buildings and Other Improvements.....	8,984,129	330,349	38,260	9,352,738
Machinery and Equipment.....	468,757	10,667	7,960	487,384
Total capital assets, being depreciated.....	9,452,886	341,016	46,220	9,840,122
Less accumulated depreciation for:				
Buildings and Other Improvements.....	2,572,914	202,740	(607)	2,775,047
Machinery and Equipment.....	221,599	14,379	(105)	235,873
Total accumulated depreciation.....	<u>2,794,513</u>	<u>217,119</u>	<u>(712)</u>	<u>3,010,920</u>
Total capital assets, being depreciated, net.....	<u>6,658,373</u>	<u>123,897</u>	<u>46,932</u>	<u>6,829,202</u>
Total business-type activities.....	<u>\$ 7,768,586</u>	<u>\$ 1,038,345</u>	<u>\$ (238,485)</u>	<u>\$ 8,568,446</u>
Total Capital Assets.....	<u>\$ 14,105,857</u>	<u>\$ 1,713,858</u>	<u>\$ (464,185)</u>	<u>\$ 15,355,530</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

b) **Depreciation expense** was charged to functions/programs of the City as follows (dollars in thousands):

Governmental activities:	
General government.....	\$ 46,784
Public safety.....	30,738
Streets and sanitation.....	9,825
Transportation.....	218,582
Health.....	1,361
Cultural and recreational.....	20,289
	<u>327,579</u>
Total depreciation expense - governmental activities.....	<u>\$ 327,579</u>
Business-type activities:	
Water.....	\$ 33,226
Sewer.....	19,075
Chicago Midway International Airport.....	32,633
Chicago-O'Hare International Airport.....	119,539
Chicago Skyway.....	12,646
	<u>217,119</u>
Total depreciation expense - business-type activities.....	<u>\$ 217,119</u>

8) **Leases**

a) **Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$17.3 million for the year ended December 31, 2006. The future minimum lease payments for these leases are as follows (dollars in thousands):

2007.....	\$ 15,196
2008.....	14,024
2009.....	13,379
2010.....	13,112
2011.....	13,080
2012 - 2016.....	31,928
	<u>100,719</u>
Total Future Rental Expense.....	<u>\$ 100,719</u>

b) **Capital Leases**

During 2003 the City entered into lease and lease back agreements with third parties pertaining to 911 Center Qualified Technological Equipment (QTE), with a book value of \$143.3 million at December 31, 2003. Under the QTE lease agreement, which provides certain cash and tax benefits to the third party, the City entered into a long-term lease for applicable assets back to the City under a sublease. Under the sublease, the City is required to make future minimum lease payments.

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

During 2005 the City entered into sale and lease back agreements with third parties pertaining to the City owned portion of a rapid transit line with a book value of \$430.8 million at December 31, 2005. Under the lease agreement, which provides certain cash and tax benefits to the third party, the City entered into a long-term lease for applicable assets back to the City under a sublease. Under the sublease, the City is required to make future minimum lease payments.

The future minimum payments for these leases are as follows (dollars in thousands):

Year Ending December 31,	<u>Total</u>
2007.....	\$ 45,820
2008.....	48,689
2009.....	37,838
2010.....	10,303
2011.....	10,215
2012 - 2016.....	48,836
2017 - 2021.....	36,987
2022 - 2026.....	84,014
2027 - 2031.....	<u>167,164</u>
 Total Minimum Future Lease Payments.....	 489,866
Less Interest.....	<u>211,005</u>
 Present Value of Minimum Future Lease Payments.....	 <u>\$ 278,861</u>

c) Long-term Lease Obligation

In January 2005, the City completed a long-term concession and lease of the Skyway. The concession granted a private company the right to operate the Skyway and to collect toll revenue from the Skyway for the 99-year term of the operating lease. The City received an upfront payment of \$1.83 billion; a portion of the payment (\$446.3) advance refunded all of the outstanding Skyway bonds. This City initially recognized a deferred liability of \$1.83 billion that will be amortized and recognized as revenue over the 99-year term of the operating lease. In 2005, the City recognized \$18.5 million of revenue related to this transaction and will recognize \$18.5 million for each subsequent year through 2103. Skyway land, bridges, other facilities and equipment continue to be reported on the Statement of Net Assets and will be depreciated, as applicable, over their useful lives.

In December 2006, the City completed a long-term concession and lease of the City's downtown underground public parking system. The concession granted a private company the right to operate the garages and collect parking and related revenues for the 99-year term of the operating lease. The City received an upfront payment of \$563.0 million of which \$347.8 million was simultaneously used to purchase three of the underground garages from the Chicago Park District. The City initially recognized a deferred liability that will be amortized and recognized as revenue over the term of the lease.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

d) Lease Receivables

Most of the O'Hare land, buildings and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancellable operating leases as of December 31, 2006 (dollars in thousands):

2007.....	\$	32,892
2008.....		31,818
2009.....		30,761
2010.....		18,832
2011.....		18,382
2012 - 2016.....		91,125
2017 - 2021.....		41,916
2022 - 2026.....		8,459
2027 - 2031.....		9,748
2032 - 2033.....		3,825
		<u>3,825</u>
Total Minimum Future Rental Income.....	\$	<u>287,758</u>

Contingent rentals that may be received under certain leases based on the tenants' revenues or fuel flow are not included in minimum future rental income. Rental income for O'Hare, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$310.9 million, including contingent rentals of \$75.7 million.

Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancellable operating leases as of December 31, 2006 (dollars in thousands):

2007.....	\$	11,412
2008.....		11,290
2009.....		10,759
2010.....		10,616
2011.....		10,616
2012 - 2014.....		8,565
		<u>8,565</u>
Total Minimum Future Rental Income.....	\$	<u>63,258</u>

Contingent rentals that may be received under certain leases based on tenants' revenues are not included in minimum future rental income. Rental income for Midway, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$60.9 million, including contingent rentals of \$26.1 million.

9) Short-term Debt

Matured bonds represent principal due on coupon bonds in which the coupons have not been presented for payment. For the year ended December 31, 2006, there was no activity; the balance remained at \$0.7 million.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

10) Long-term Obligations

a) **Long-term Debt** activity for the year ended December 31, 2006 was as follows (dollars in thousands):

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
Bonds, notes and certificates payable:					
General obligation debt.....	\$ 5,593,916	\$ 738,363	\$ 447,731	\$ 5,884,548	\$ 116,661
Installment purchase agreement.....	10,900	-	1,700	9,200	1,700
Tax increment.....	411,230	500	56,362	355,368	53,530
Revenue.....	530,600	-	11,800	518,800	6,215
	<u>6,546,646</u>	<u>738,863</u>	<u>517,593</u>	<u>6,767,916</u>	<u>178,106</u>
Less unamortized debt refunding transactions.....	95,695	14,047	4,780	104,962	-
Add unamortized premium.....	94,594	23,971	4,714	113,851	-
Add accretion of capital appreciation bonds.....	152,752	32,840	14,195	171,397	13,370
Less converted portion of conversion bonds.....	34,576	-	7,193	27,383	-
Total bonds, notes and certificates payable.....	<u>6,663,721</u>	<u>781,627</u>	<u>524,529</u>	<u>6,920,819</u>	<u>191,476</u>
Other liabilities					
Pension obligations.....	1,664,112	231,401	-	1,895,513	-
Lease obligations.....	309,813	14,050	45,000	278,863	45,820
Claims and judgments.....	549,361	29,654	52,500	526,515	71,088
Total other liabilities.....	<u>2,523,286</u>	<u>275,105</u>	<u>97,500</u>	<u>2,700,891</u>	<u>116,908</u>
Total governmental activities.....	<u>\$ 9,187,007</u>	<u>\$ 1,056,732</u>	<u>\$ 622,029</u>	<u>\$ 9,621,710</u>	<u>\$ 308,384</u>
Business-type activities:					
Revenue bonds and notes payable:					
Water.....	\$ 1,045,745	\$ 265,096	\$ 110,852	\$ 1,199,989	\$ 30,764
Sewer.....	747,463	155,030	112,455	790,038	19,510
Chicago-O'Hare International Airport.....	5,675,591	156,150	579,721	5,252,020	101,620
Chicago Midway International Airport.....	1,279,455	10,269	7,340	1,282,384	13,620
Chicago Skyway.....	-	-	-	-	-
	<u>8,748,254</u>	<u>586,545</u>	<u>810,368</u>	<u>8,524,431</u>	<u>165,514</u>
Less unamortized debt refunding transactions.....	176,737	6,839	16,871	166,705	-
Less unamortized discount (premium).....	(51,692)	(9,504)	7,125	(68,321)	-
Add accretion of capital appreciation bonds.....	54,380	8,909	4,828	58,461	3,198
Total business-type activities.....	<u>\$ 8,677,589</u>	<u>\$ 598,119</u>	<u>\$ 791,200</u>	<u>\$ 8,484,508</u>	<u>\$ 168,712</u>
Total long-term obligations.....	<u>\$ 17,864,596</u>	<u>\$ 1,654,851</u>	<u>\$ 1,413,229</u>	<u>\$ 18,106,218</u>	<u>\$ 477,096</u>

The Pension obligation liability will be liquidated through a Special Revenue Fund (Pension Fund) as provided by tax levy and State Personal Property Replacement Tax revenues.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

b) Issuance of New Debt

i) General Obligation Notes

The General Obligation Tender Notes, Series 2006 (\$45.1 million) were sold in February 2006 at an initial short-term intermediate rate of 3.35 percent through December 7, 2006. The notes mature no later than February 15, 2008. The Series 2006 notes were issued to meet cash flow requirements of the City's Library and City Relief Funds; the notes are payable from tax collections in the following year or from any other resources legally available to the City. Principal payments for the notes do not require the current appropriation and expenditure of Governmental Fund financial resources.

At the discretion of the City, the notes may bear interest at a weekly, short-term intermediate or fixed rate. Interest on notes in the short-term intermediate mode is payable on the first business day immediately following the short-term intermediate rate period. Interest on the notes in the weekly mode is payable on the first business day of each month. Interest on notes in the fixed mode is payable on each January 31 and July 31.

The City has appointed a remarketing agent for the notes in the weekly and short-term intermediate modes. The remarketing agent will use its best efforts to resell the notes at favorable rates following either an optional or mandatory tender. In the event the remarketing agent is unable to resell the notes, the City has obtained an unconditional, irrevocable letter of credit which may be drawn upon for the purchase of the notes until the remarketing agent is able to resell the Series 2006 notes.

The letter of credit securing the Series 2006 notes totals \$45.8 million and terminates on the earliest of February 18, 2008 or upon redemption of the notes. Advances under the letter of credit (none at December 31, 2006) are due on the earliest of February 18, 2009 or one year after the redemption of the notes. Advances bear interest from the date of advance through the 90th day at the greater of the prime rate or the sum of the federal funds rate plus one-half percent per annum (Base Rate). Thereafter until due and payable, advances bear interest at the Base Rate plus two percent. Upon the occurrence of an event of default, the interest rate per annum shall equal the Base Rate plus three percent and interest shall be payable upon demand. The maximum rate of interest cannot exceed 15.0 percent. The letter of credit was issued by a third-party financial institution that is expected to be financially capable of honoring its agreements.

During 2006, the City drew \$7.5 million in commercial paper notes for certain operating uses.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

ii) General Obligation Bonds

General Obligation Direct Access Bonds, Series 2006-1 (\$35.8 million) were sold in February, 2006. The bonds have interest rates ranging from 3.5 percent to 4.4 percent and maturity dates ranging from January 1, 2013 to January 1, 2026. Net proceeds of \$34.9 million will be used to finance infrastructure improvements, transportation improvements, acquisition of real property, constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities, providing for facilities, services and equipment to protect and enhance public safety and other uses permitted by the Ordinance.

General Obligation Bonds, Project and Refunding Series 2006A and B (\$650.0 million) were sold at a premium in March 2006. The bonds have interest rates ranging from 3.5 percent to 5.375 percent and maturity dates from January 1, 2007 to January 1, 2038. Net proceeds of \$667.8 million will be used to finance infrastructure improvements; transportation improvements; grants or loans to assist not-for-profit organizations or educational or cultural institutions; or to assist other municipal corporations or units of local government, or school districts; acquisition of personal property; acquisition, demolition, remediation or improvement of real property for industrial, commercial or residential purposes; constructing, equipping, altering and repairing various municipal facilities including fire stations, police stations, libraries, senior and health centers and other municipal facilities; the funding of litigation judgments or settlement agreements involving the City, including escrow accounts or other reserves needed for such purposes; contributions to the Policemen's Annuity and Benefit Fund, the Firemen's Annuity and Benefit Fund, the Municipal Employee's, Officers' and Officials' Annuity and Benefit Fund, and the Laborers' and Retirement Board Employee's Annuity and Benefit Fund; and providing for facilities, services, and equipment to protect and enhance public safety (\$366.0 million); and to advance refund certain maturities of general obligation bonds outstanding (\$276.6 million); and to fund capitalized interest (\$25.2 million). The advance refunding of the bonds decreased the City's total debt service payments by \$20.3 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$12.5 million.

iii) Tax Increment Allocation Bonds and Notes

As part of the City's Tax Increment Financing Neighborhood Improvement Program, the City entered into Tax Increment Allocation Revenue Note (Division/Homan Redevelopment Project Area) Taxable Series 2006 in July 2006. The City drew \$.5 million from the available \$1.0 million note at an interest rate of 7.422 percent with a final maturity of August 1, 2013.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

iv) Enterprise Fund Revenue Bonds and Notes

The Department of Water Management entered into a loan agreement with the Illinois Environmental Protection Agency in June 2006. The loan is for \$2.3 million with an interest rate of 2.57 percent and payments of principal and interest are to be made semi-annually through November 1, 2025. Loan proceeds were used for improvements to the control room at the South Water Purification Plant.

During 2006, the Water System issued \$48.4 million of Water System Commercial Paper Notes Series 2004. The proceeds were used to finance authorized projects of the Water Fund. All outstanding notes were paid from proceeds of the Second Lien Water Revenue Bonds, Series 2006A.

Second Lien Water Revenue Bonds, Series 2006A (215.4 million) were sold at a premium in July 2006. The bonds have interest rates ranging from 4.5 percent to 5.0 percent and maturity dates from November 1, 2007 to November 1, 2026. Net proceeds of \$122.9 million will be used to finance certain capital improvements to and extensions of the Water system and net proceeds of \$97.1 million will be used to retire 2004 Commercial Paper notes outstanding.

Second Lien Wastewater Transmission Revenue Bonds, Series 2006A and B (\$155.0 million) were sold at a premium in November 2006. The bonds have interest rates ranging from 4.0 percent to 5.0 percent and maturity dates from January 1, 2007 to January 1, 2036. Net proceeds of \$163.6 million will be used to finance certain capital improvements and extensions to the Sewer System (\$62.6 million) and to advance refund certain maturities of wastewater transmission bonds outstanding (\$101.0 million). The advance refunding of the bonds decreased the Sewer fund's total debt service payments by \$5.2 million and resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$4.9 million.

Chicago-O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2006A-D (\$156.2 million) were sold at a premium in December 2006. The bonds have interest rates ranging from 4.55 percent to 5.5 percent and maturity dates ranging from January 1, 2008 to January 1, 2037. Net proceeds of \$155.4 million and \$8.3 million of other funds will be used to fund capitalized interest (\$43.2 million) and advance refund certain maturities of Airport bonds outstanding (\$120.5 million). The advance refunding of the bonds increased the Airport's total debt service payments by \$21.6 million and resulted in an economic loss (difference between the present values of the debt service on the old and new debt) of \$1.1 million.

Chicago Midway International Airport Commercial Paper Notes, Series A (\$100.0 million maximum aggregated authorized) outstanding at December 31, 2006 were \$10.3 million having an interest rate of 3.6 percent with a maturity date of June 6, 2007. Note proceeds may be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes. An irrevocable letter of credit (\$111.3 million) provides for the timely payment of principal and interest on the notes until July 12, 2009. Amounts paid by drawing on the letter of credit shall be reimbursed by the Airport on said day paid; any amounts not reimbursed shall constitute an advance and will bear interest at the greater of the most recent prime rate or the Federal Funds rate plus 0.5 percent (Base Rate). Advances outstanding greater than sixty days will bear interest at the Base Rate plus 1.0 percent beginning on the sixty-first day after such advance is made. At December 31, 2006, there were no outstanding letter of credit advances.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

c) **Annual requirements** listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2007 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2006 are as follows (dollars in thousands):

Year Ending December 31,	General Obligation		Installment Purchase		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest
2007.....	\$ 127,211	\$ 267,968	\$ 1,700	682	\$ 56,719	\$ 27,741
2008.....	288,855	273,653	2,000	543	80,720	26,917
2009.....	189,642	249,885	2,000	387	25,130	12,126
2010.....	189,600	240,184	2,300	229	25,945	10,626
2011.....	189,400	254,747	1,200	46	27,351	9,140
2012 - 2016.....	1,030,724	1,142,217	-	-	90,511	33,215
2017 - 2021.....	1,040,649	900,239	-	-	38,255	7,162
2022 - 2026.....	1,024,688	683,998	-	-	7,145	241
2027 - 2031.....	879,012	449,012	-	-	-	-
2032 - 2036.....	572,111	268,149	-	-	-	-
2037 - 2041.....	237,249	89,480	-	-	-	-
2042 - 2046.....	5,770	289	-	-	-	-
	<u>\$ 5,774,911</u>	<u>\$ 4,819,821</u>	<u>\$ 9,200</u>	<u>\$ 1,887</u>	<u>\$ 351,776</u>	<u>\$ 127,168</u>

Year Ending December 31,	Revenue		Business-type Activities	
	Principal	Interest	Principal	Interest
2007.....	\$ 13,030	\$ 25,223	\$ 216,749	\$ 416,776
2008.....	13,845	24,556	229,641	406,110
2009.....	14,765	23,852	182,699	394,700
2010.....	15,495	23,123	248,859	385,719
2011.....	16,295	22,324	218,590	373,338
2012 - 2016.....	86,265	98,432	1,242,836	1,712,937
2017 - 2021.....	104,030	75,156	1,362,822	1,400,805
2022 - 2026.....	132,530	47,050	1,631,539	1,039,859
2027 - 2031.....	88,175	18,165	2,093,005	539,845
2032 - 2036.....	28,155	1,674	929,315	92,970
2037 - 2041.....	-	-	23,355	1,371
	<u>\$ 512,585</u>	<u>\$ 359,555</u>	<u>\$ 8,379,410</u>	<u>\$ 6,764,430</u>

Debt service requirements above exclude commercial paper issues as the timing of payments is not certain. For the requirements calculated above, interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2006. Standby bond purchase agreements were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

d) **Derivatives**

i) **Pay-Fixed, Receive-Variable Interest Rate Swaps**

- (1) *Objective of the swaps.* In order to protect against the potential of rising interest rates, the City has entered into nine separate pay-fixed, receive-variable interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt.
- (2) *Terms, fair values, and credit risk.* The terms, including the fair values and credit ratings of the outstanding swaps as of December 31, 2006, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the swaps, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) (dollars in thousands):

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Credit Rating
GO VRDB (Series 2005D).....	\$ 222,790	08/17/2005	4.104%	SIFMA	\$ (3,385)	01/01/2040	Aa3/AA- Aa1/AA-*
Chicago Midway International Airport Revenue Bonds (Series 2004C&D).....	152,150	12/14/2004	4.174	SIFMA Plus .05%	(3,098)	01/01/2035	Aa3/AA- Aaa/AA**
Wastewater Transmission Variable Rate Revenue Bonds (Series 2004A).....	332,230	07/29/2004	3.886	67% of LIBOR	(15,422)	01/01/2039	A1/A+ Aa1/AA+ Aaa/AA***
Water Variable Rate Revenue Refunding Bonds (Series 2004).....	500,000	08/05/2004	3.8669	SIFMA	(18,770)	11/01/2031	Aaa/AA+ Aaa/AA-***
GO VRDB (Series 2003B).....	202,500	08/07/2003	4.052	75% of LIBOR	(6,788)	01/01/2034	A1/A+ Aaa/AAA****
GO VRDB (Neighborhoods Alive 21 Program, Series 2002B).....	206,700	10/03/2002	3.575	70% of LIBOR	1,139	01/01/2037	Aaa/AA Aa1/AA+****
Sales Tax Revenue Refunding Bonds (VRDB Series 2002).....	115,745	06/27/2002	4.230	Actual Rate of Bonds	(5,475)	01/01/2034	Aaa/AA
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	44,900	09/01/1999	5.084	67% LIBOR	(5,402)	01/01/2019	Aa1/AA+
Tax Increment Allocation Bonds (Near North TIF, Series 1999B).....	7,800	09/01/1999	6.890	67% LIBOR	(238)	01/01/2010	Aa1/AA
Tax Increment Allocation Bonds (Stockyards TIF, Series 1996A&B).....	<u>21,400</u>	02/10/1997	5.375	SIFMA	<u>(1,464)</u>	12/01/2014	Aa3/A+
Total.....	<u>\$ 1,806,215</u>				<u>\$ (58,903)</u>		

* Two counterparties hold 70 and 30 percent respectively.
** Two counterparties hold 60 and 40 percent respectively.
*** Three counterparties hold 70, 15 and 15 percent respectively.
**** Two counterparties hold 75 and 25 percent respectively.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

- (3) *Fair Value.* As of December 31, 2006, the swaps had a negative fair value of \$58.9 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values.
- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.
- (8) *Swap payments and associated debt.* Bonds maturing and interest payable January 1, 2007 have been excluded because funds for their payment have been provided for. As of December 31, 2006, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Year Ending December 31,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2007.....	\$ 7,265	\$ 71,091	\$ 1,088	\$ 79,444
2008.....	7,605	70,777	1,026	79,408
2009.....	9,125	70,562	971	80,658
2010.....	10,080	70,043	876	80,999
2011.....	16,765	69,647	794	87,206
2012 - 2016.....	180,595	334,174	2,639	517,408
2017 - 2021.....	358,400	284,120	1,067	643,587
2022 - 2026.....	448,600	202,454	1,033	652,087
2027 - 2031.....	362,050	123,142	1,297	486,489
2032 - 2036.....	295,595	53,332	662	349,589
2037 - 2041.....	108,660	7,586	266	116,512
	<u>\$ 1,804,740</u>	<u>\$ 1,356,928</u>	<u>\$ 11,719</u>	<u>\$ 3,173,387</u>

ii) **Swaptions**

- (1) *Objective of the swaptions.* The City entered into several swaption contracts that provided the City upfront payments totaling \$42.1 million. The term swaption refers to the City selling an option to a counterparty to execute a swap at a certain date in the future if certain conditions exist. If the conditions do not exist, the counterparty will not execute the option, no swaptions have been exercised. In the event the options are executed and the City enters into a fixed to floating rate swap, the City would be exposed to the risks as described under Swaps.
- (2) *Terms.* The terms, including fair values of the swaptions as of December 31, 2006, are as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Trade Date	Variable Rate Paid	Fixed Rate Received	Fair Values	Swap Termi- nation Date	Up-Front Payment
GO Bonds (GO, Series 2001A; GO Series 2002A; GO, Series 2003A; and GO, Series 2004A).....	\$ 318,670	12/18/2003	SIFMA+ 30bps	5.000%	\$ (5,000)	01/01/2024	\$ 13,384
Chicago Midway Airport Revenue Bonds (Series 1998A(AMT); Series 1998B(Non-AMT); and Refunding Series 1998C(Non-AMT)).....	392,060	10/27/1999	SIFMA+ 25bps	5.100	(8,139)	01/01/2030	23,500
Sales Tax Revenue Bonds (Series 1999).....	23,285	06/21/2002	SIFMA+ 30bps	4.984	(147)	01/01/2019	728
Sales Tax Revenue Bonds (Series 1998).....	69,275	06/21/2002	SIFMA+ 30bps	5.250	(1,181)	01/01/2028	2,562
Sales Tax Revenue Bonds (Series 1997).....	60,645	06/21/2002	SIFMA+ 30bps	5.375	(926)	01/01/2027	1,964
Total.....	<u>\$ 863,935</u>				<u>\$ (15,393)</u>		<u>\$ 42,138</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

- (3) *Fair value.* As of December 31, 2006, the swaptions had a negative fair value of \$15.4 million. As per industry convention, the fair values of the City's outstanding swaptions were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Received, the City's swaptions had negative values. The negative value is also driven by the upfront payment received by the City upon execution of the swaption agreement.
- (4) *Credit Risk.* The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaptions is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaptions also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.
- (5) *Basis Risk.* Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaptions except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaptions, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date, and it would add additional underlying cost to the transaction.
- (6) *Tax Risk.* The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of this swap transaction.
- (7) *Termination Risk.* The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

e) Debt Covenants

- i) **Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, equal 120 percent of the current annual debt service on the outstanding senior lien bonds and that City management maintains all covenant reserve account balances at specified amounts. The above requirements were met at December 31, 2006. The Water Rate Stabilization account had a balance in restricted assets of \$59.3 million at December 31, 2006.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

The ordinances authorizing the issuance of outstanding Second Lien Water Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues are equal to the sum of the aggregate annual debt service requirements for the fiscal year of the outstanding senior lien bonds and 110 percent of the aggregate annual debt service requirements of the outstanding second lien bonds. This requirement was met at December 31, 2006.

- ii) **Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which net revenues, as defined, or proceeds are to be credited, as appropriate. The ordinances require that net revenues available for bonds equal 115 percent of the current annual debt service requirements on the outstanding senior lien bonds. This requirement was met at December 31, 2006. The Sewer Rate Stabilization account had a balance in restricted assets of \$14.6 million at December 31, 2006.

The ordinances authorizing the issuance of outstanding Second Lien Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which moneys will be deposited, as appropriate. The ordinances require that net revenues equal 100 percent of the sum of the current maximum annual debt service requirements of the outstanding senior lien bonds and the maximum annual debt service requirements of the second lien bonds. This requirement was met at December 31, 2006.

- iii) **Midway International Airport Fund** - The master indenture securing the issuance of Chicago Midway International Airport Revenue Bonds requires that the City set rates and charges for the use and operation of Midway so that revenues, together with any other available monies and the cash balance held in the Revenue Fund on the first day of such year not required to be deposited in any fund or account, will be at least sufficient (a) to provide for the operation and maintenance expenses for the year and (b) to provide for the greater of (i) the amounts needed to be deposited into the First and Junior Lien Debt Service Fund, the Operations & Maintenance Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate First Lien Debt Service for such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on First Lien Bonds. These requirements were met at December 31, 2006.
- iv) **Chicago-O'Hare International Airport Fund** - In 1983, the City Council adopted the General Airport Revenue Bond ordinance authorizing the issuance and sale of Chicago-O'Hare International Airport General Airport Revenue Bonds in unlimited series for the purpose of financing the cost of improvements and expansion of O'Hare and to redeem its existing outstanding bond obligations. The ordinance further permits the issuance of second lien notes, bonds and other obligations which are payable from, and secured by, a pledge of amounts deposited in the junior lien obligation debt service account created under the ordinance. The ordinance requires that net revenues in each year equal not less than the sum of (i) the amount required to be deposited for such year in the debt service reserve fund, the maintenance reserve fund, the special capital projects fund and the junior lien debt service fund, and (ii) 110 percent of the aggregate first lien and second lien debt service for the bond year commencing during such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such fiscal year to pay interest on bonds. This requirement was met at December 31, 2006. The ordinance provides for the creation of separate accounts that are to be credited with revenues in a specified priority. At the end of each year, any excess funds over amounts required in accounts other than Special Capital Projects, Emergency Reserve and Airport Development accounts are reallocated with the following year's revenues.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

The Master Indenture of Trust securing Chicago-O'Hare International Airport Third Lien Obligations requires that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding First Lien Bonds, Second Lien Obligations, Third Lien Obligations or other Airport Obligations are issued and secured, and (b) 110 percent the Aggregate First, Second and Third Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on First Lien Bonds, Second Lien obligations or Third Lien obligations. This requirement was met at December 31, 2006.

The master indenture securing the Passenger Facility Charge (PFC) Revenue Bonds requires PFC revenues, as defined, to be deposited into the PFC Revenue Fund. The PFC Revenue Fund is required to transfer amounts no later than the twentieth day of each month to various funds, as defined, as appropriate to meet debt service and debt service reserve requirements.

- f) **No-Commitment Debt and Public Interest Loans** include various special assessment, private activity bonds and loans. These types of financings are used to provide private entities with low-cost capital financing for construction and rehabilitation of facilities deemed to be in the public interest. Bonds payable on no-commitment debt are not included in the accompanying financial statements because the City has no obligation to provide for their repayment, which is the responsibility of the borrowing entities. In addition, federal programs/grants, including Community Development Block Grants, Urban Development Action Grants and Community Service Block Grants, provide original funding for public interest loans. Loans receivable are not included as assets because payments received on loans are used to fund new loans or other program activities in the current year and are not available for general City operating purposes. Loans provided to third parties are recorded as current and prior year programs/grants expenditures. Funding for future loans will be from a combination of the repayment of existing loans and additional funds committed from future programs/grants expenditures.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

g) **Defeased Bonds** have been removed from the Statement of Net Assets because related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2006, not including principal payments due January 1, 2007, are as follows (dollars in thousands):

	<u>Amount Defeased</u>	<u>Outstanding</u>
Emergency Telephone System - Series 1993	\$ 213,730	\$ 170,240
General Obligation Project Bonds - Series 1995B	267,430	18,940
General Obligation Library Bonds - Series 1997	66,615	61,475
General Obligation Project and Refunding Bonds - Series 1998	80,765	77,755
General Obligation Project and Refunding Bonds - Series 1999A	100,365	96,355
General Obligation Bonds - Series 2000A	233,490	218,970
General Obligation Bonds - Series 2000C	109,835	109,835
General Obligation Bonds - Series 2001A	174,055	174,055
General Obligation Project and Refunding Bonds - Series 2002A	64,705	58,955
General Obligation Project and Refunding Bonds - Series 2003A	9,040	9,040
General Obligation Project Bonds - Series 2003C	17,125	17,125
General Obligation Project Bonds - Series 2004A	14,835	14,835
Neighborhoods Alive 21 Program - Series 2000A	175,255	175,255
Neighborhoods Alive 21 Program - Series 2001A	199,240	199,240
Neighborhoods Alive 21 Program - Series 2002A	13,000	5,550
Neighborhoods Alive 21 Program - Series 2003	4,595	4,595
Sales Tax Revenue Bonds - Series 1997	96,060	93,475
Sales Tax Revenue Bonds - Series 1998	11,785	10,000
Sales Tax Revenue Bonds - Series 1999	142,035	137,455
Near South Redevelopment Project Tax Increment - Series 1994A	23,000	18,475
Central Loop Redevelopment Project Tax Increment - Series 1997A	96,000	26,500
Water Revenue Bonds - Series 1997	181,965	178,076
Water Revenue Senior Lien Bonds - Series 2000	100,445	100,445
Water Revenue Senior Lien Bonds - Series 2001	235,905	222,430
Wastewater Transmission Revenue Bonds - Series 1997	57,365	53,415
Wastewater Transmission Revenue Bonds - Series 1998B	38,340	38,340
Wastewater Transmission Revenue Bonds - Series 2000	98,405	94,970
Wastewater Transmission Revenue Bonds - Series 2001	101,650	100,235
Chicago-O'Hare International Airport Bonds Second Lien - Series 1993A	182,130	40,280
Chicago-O'Hare International Airport Bonds Second Lien - Series 1999	43,350	43,350
Chicago-O'Hare International Airport Bonds Third Lien - Series 2004E	33,765	33,765
Chicago Skyway Tollbridge Revenue Bonds - Series 2000	125,120	125,120
Special Transportation Revenue Bonds - Series 2001	118,715	114,115
Total	<u>\$ 3,430,115</u>	<u>\$ 2,842,666</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

11) Pension Plans

Eligible City employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees'; the Laborers' and Retirement Board Employees'; the Policemen's; and the Firemen's Annuity and Benefit Funds of Chicago. Plans are administered by individual retirement boards represented by elected and appointed officials. Certain employees of the Chicago Board of Education participate in the Municipal Employees' or the Laborers' and Retirement Board Employees' Annuity and Benefit Funds for which the City levies taxes to make the required employer contributions. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information.

The financial statements of the Plans are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when payable.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Fixed income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, the net asset value is determined and certified by the investment managers as of the reporting date. Real estate investments are generally valued by appraisals or other approved methods. Investments that do not have an established market are reported at estimated fair value.

The Plans have a securities lending program. At year-end, the Plans have no credit risk exposure to borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the Plans. The contract with the Plans' master custodian requires it to indemnify the Plans if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the fund for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand by either the Plans or the borrower, although the average term of the loans has not exceeded 104 days. The Plans' custodian lends securities for collateral in the form of cash, irrevocable letters of credit and/or U.S. government obligations equal to at least 102 percent of the fair value of securities or international securities for collateral of 105 percent. Cash collateral is invested in the lending agents' short-term investment pool, which at year-end has a weighted average maturity that did not exceed 70 days. The Plans cannot pledge to sell collateral securities received unless the borrower defaults. Loans outstanding as of December 31, 2006 are as follows: market value of securities loaned \$1,994.5 million, market value of cash collateral from borrowers \$1,973.6 million and market value of non-cash collateral from borrowers \$93.2 million.

The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 20 years of credited service. Employees who retire at or after age 55 (50 for policemen and firemen) with 20 years of credited service qualify to receive a money purchase annuity and those with more than 20 years of credited service qualify to receive a minimum formula annuity. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.0 percent to 2.4 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service.

State law requires City contributions at statutorily, not actuarially determined rates. The City's contribution is equal to the total amount of contributions by employees to the Plan made in the calendar year two years prior, multiplied by 1.25 for the Municipal Employees', 1.00 for the Laborers', 2.00 for the Policemen's, and 2.26 for the Firemen's. State law also requires covered employees to contribute a percentage of their salaries.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

The City's annual pension cost for the current year and related information for each Plan is as follows (dollars in thousands):

	<u>Municipal Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>	<u>Total</u>
Contribution rates:					
City (a).....	8.0%	8.0%	12.8%	10.5%	
Plan members.....	8.5	8.5	9.0	9.1	
Annual required contribution.....	\$ 325,914	\$ 21,142	\$ 273,733	\$ 164,322	\$ 785,111
Interest on net pension obligation.....	(13,591)	(20,650)	69,868	63,261	98,888
Adjustment to annual required contribution.....	13,192	20,043	(41,044)	(61,009)	(68,818)
Annual pension cost.....	325,515	20,535	302,557	166,574	815,181
Contributions made.....	157,063	106	158,759	78,971	394,899
Increase in net pension obligation.....	168,452	20,429	143,798	87,603	420,282
Net pension obligation (excess), beginning of year.....	\$ (169,895)	\$ (258,125)	\$ 873,347	\$ 790,765	\$ 1,236,092
Net pension obligation (excess), end of year.....	\$ (1,443)	\$ (237,696)	\$ 1,017,145	\$ 878,368	\$ 1,656,374

	<u>Municipal Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>
Actuarial valuation date.....	12/31/2006	12/31/2006	12/31/2006	12/31/2006
Actuarial cost method.....	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method.....	Level dollar, open	Level dollar, open	Level percent, open	Level dollar, open
Remaining amortization period.....	30 years	30 years	30 years	30 years
Asset valuation method.....	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market	5-yr. Smoothed Market
Actuarial assumptions:				
Investment rate of return (b).....	8.0%	8.0%	8.0%	8.0%
Projected salary increases (b):				
Inflation.....	3.0	3.0	3.0	3.0
Seniority/Merit.....	(c)	(c)	(d)	(e)
Post retirement benefit increases.....	(f)	(f)	(g)	(g)

- (a) Percentage represents amount applies to the employees account and not the total contributed.
- (b) Compounded Annually
- (c) Service-based increases equivalent to a level annual rate increase of 2.0 percent over a full career.
- (d) Service-based increases equivalent to a level annual rate increase of 1.9 percent over a full career.
- (e) Service-based increases equivalent to a level annual rate increase of 2.7 percent over a full career.
- (f) 3.0 percent per year beginning at the earlier of:
 - 1) the latter of the first anniversary of retirement and age 60
 - 2) the latter of the third anniversary of retirement and age 53
- (g) Uses 3.0 percent per year for annuitants age 55 or over, born before 1955 with at least 20 years of service and 1.5 percent per year for 20 years for annuitants age 60 or over, born in 1955 or later.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

The following tables of information assist users in assessing each fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each Plan is as follows (dollars in thousands):

<u>Year</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>	<u>Net Pension (Excess) Obligation</u>
Municipal Employees':			
2004.....	\$ 197,392	77.98%	\$ (299,415)
2005.....	284,587	54.49	(169,895)
2006.....	325,514	48.25	(1,443)
Laborers':			
2004.....	7,860	2.58	(270,223)
2005.....	12,138	0.33	(258,125)
2006.....	20,536	0.52	(237,696)
Policemen's:			
2004.....	226,380	59.96	787,639
2005.....	263,987	67.53	873,347
2006.....	302,557	52.47	1,017,145
Firemen's:			
2004.....	136,260	40.75	717,510
2005.....	163,384	55.16	790,765
2006.....	166,575	47.41	878,368

SCHEDULE OF FUNDING PROGRESS
(dollars in thousands)

<u>Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded (Surplus) AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded (Surplus) AAL as a Percentage of Covered Payroll ((b-a)/c)</u>
Municipal Employees':							
2004.....	12/31/04	\$ 6,343,076	\$ 8,808,501	2,465,425	72%	\$ 1,303,128	189%
2005.....	12/31/05	6,332,379	9,250,212	2,917,833	68	1,407,323	207
2006.....	12/31/06	6,509,146	9,692,319	3,183,173	67	1,475,877	216
Laborers':							
2004.....	12/31/04	1,649,959	1,674,615	24,656	99	171,477	14
2005.....	12/31/05	1,635,595	1,742,300	106,705	94	182,809	58
2006.....	12/31/06	1,664,058	1,809,236	145,178	92	193,176	75
Policemen's:							
2004.....	12/31/04	3,933,031	7,034,271	3,101,240	56	874,302	355
2005.....	12/31/05	3,914,431	7,722,737	3,808,306	51	948,974	401
2006.....	12/31/06	3,997,991	8,116,543	4,118,552	49	1,012,984	407
Firemen's:							
2004.....	12/31/04	1,182,579	2,793,524	1,610,945	42	334,424	482
2005.....	12/31/05	1,203,654	2,882,936	1,679,282	42	341,252	492
2006.....	12/31/06	1,264,497	3,133,142	1,868,645	40	387,442	482

**CITY OF CHICAGO, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

Under State law, certain health benefits are available to employees who retire from the City based upon their participation in the City's pension plans. Substantially all employees who qualify as Municipal or Laborers' pension plan participants older than age 55 with at least 20 years of service and Police and Fire pension plan participants older than age 50 with at least 10 years of service may become eligible for postemployment benefits if they eventually become an annuitant. Health benefits include basic benefits for annuitants and supplemental benefits for Medicare eligible annuitants.

The annuitants who retired prior to July 1, 2005 received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005 received a 50, 45, 40 and zero percent subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court approved settlement agreement. The pension funds contributed \$55 for each Medicare eligible annuitant and \$85 for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of \$51.1 million in 2006 to the gross cost of their retiree health care pursuant to premium amounts set forth in the above-referenced settlement agreement.

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2006, the net expense to the City for providing these benefits to approximately 24,400 annuitants plus their dependents was approximately \$79.4 million.

The City's net expense and the annuitants' contribution indicated above are preliminary and subject to the reconciliation per the court approved settlement agreement.

12) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; certain benefits for and injuries to employees and natural disasters. The City provides worker's compensation benefits and employee health benefits under self-insurance programs except for insurance policies maintained for certain Enterprise Fund activities. The City uses various risk management techniques to finance these risks by retaining, transferring and controlling risks depending on the risk exposure.

Risks for O'Hare, Midway, and certain other major properties, along with various special events, losses from certain criminal acts committed by employees and public official bonds are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years, accordingly, no liability is reported for these claims. All other risks are retained by the City and are self-insured. The City pays claim settlements and judgments from the self-insured programs. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is primarily used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Assets as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2006, the total amount of non-Enterprise Fund claims was \$366.6 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2006</u>	<u>2005</u>
Balance, January 1.....	\$ 400,565	\$ 377,371
Claims incurred on current and prior year events.....	467,011	484,802
Claims paid on current and prior year events.....	(466,339)	(461,608)
Balance, December 31.....	<u>\$ 401,237</u>	<u>\$ 400,565</u>

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONTINUED**

13) Commitments and Contingencies

The City is a defendant in various pending and threatened individual and class action litigation relating principally to claims arising from contracts, personal injury, property damage, police conduct, alleged discrimination, civil rights actions and other matters. City management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

The City participates in a number of federal-and state-assisted grant programs. These grants are subject to audits by or on behalf of the grantors to assure compliance with grant provisions. Based upon past experience and management's judgment, the City has made provisions in the General Fund for questioned costs and other amounts estimated to be disallowed. City management expects such provision to be adequate to cover actual amounts disallowed, if any.

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement establishes accounting and financial reporting standards that will more accurately represent other postemployment benefits (OPEB) as compared to the pay-as-you-go method currently used. The City has developed a preliminary estimate of the actuarial accrued liability, based on certain assumptions, as of December 31, 2006, of \$1.4 billion. This standard will be implemented in fiscal year 2007; however the actual liability may vary based upon additional information and/or assumptions used at that time.

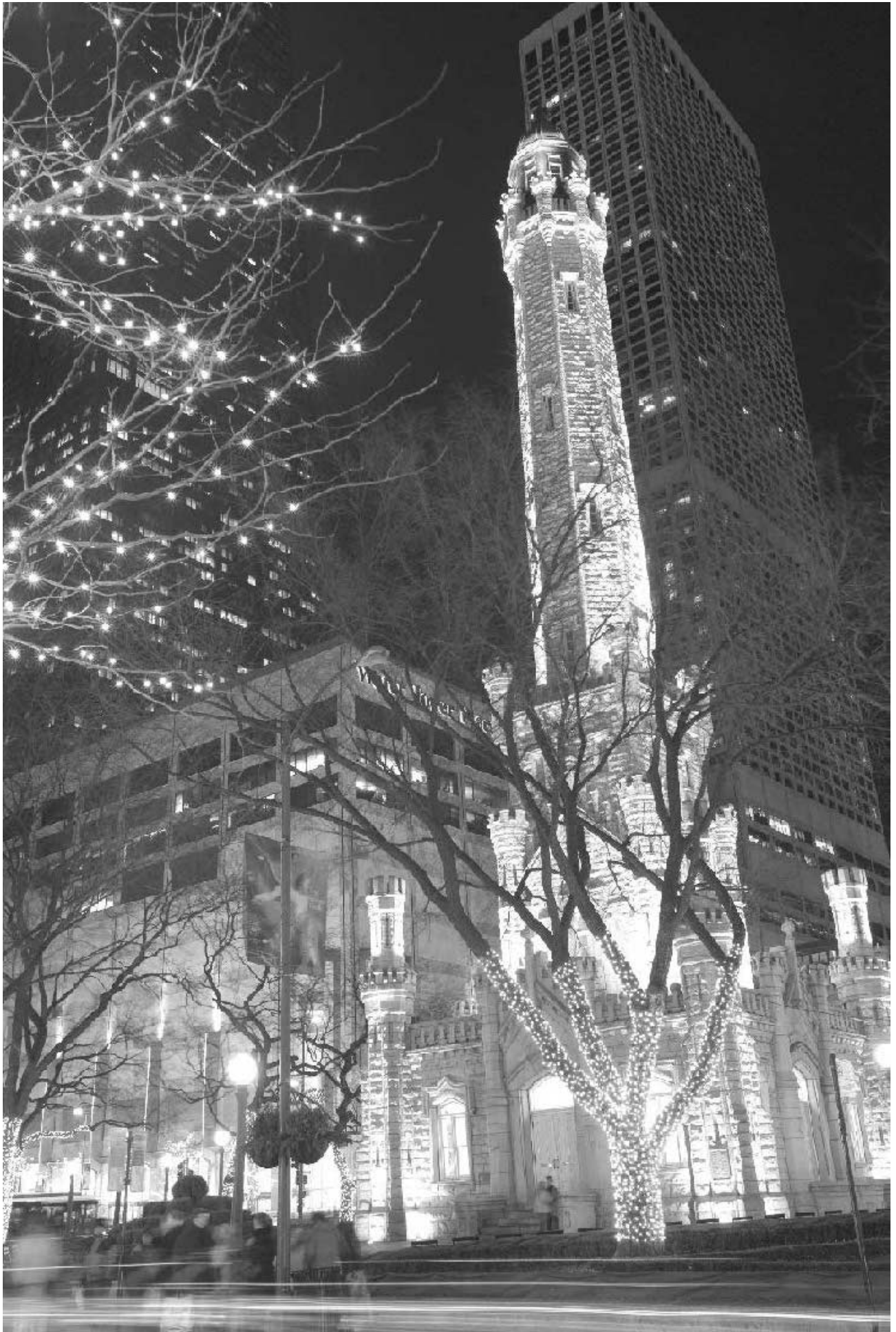
As of December 31, 2006, the Enterprise Funds have entered into contracts for approximately \$722.1 million for construction projects. In case the Water Fund does not meet its debt service obligation for its portion of the General Obligation Equipment Notes, Series 1998, any monies, revenues, receipts, income, assets or funds of the City legally available for such purpose, including but not limited to the proceeds of the direct annual tax levied by the City upon all taxable property of the City may be used to fulfill the obligation.

In consideration for being selected as the U. S. candidate city, the City executed a Joinder Agreement (the "Joinder Agreement") for the benefit of the USOC. Under the Joinder Agreement, the City agrees to be liable for any obligations of the City's bid committee and organizing committee for the Games (collectively, the "City Committees") to the USOC, the International Olympics Committee (the "IOC") and the International Paralympics Committee (the "IPC") up to an amount not to exceed \$500 million after all contingency and surplus funds are expended. If the City is not selected by the IOC and the IPC to host the Games, the City will not have any liability under the Joinder Agreement.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 - CONCLUDED**

14) Subsequent Events

- a) In January 2007, the City sold at a premium General Obligation Bonds, Series 2007A-K Modern Schools Across Chicago Program (\$356.0 million). The bonds were issued at a premium with interest rates ranging from 3.6 percent to 5.0 percent and maturities from December 1, 2008 to December 1, 2026. Net proceeds of \$372.8 million will be used to fund the Modern Schools Across Chicago Program which is a multi-year plan to renovate and construct new schools facilities (\$269.6 million) and refund certain outstanding general obligation bonds of the Board of Education of the City of Chicago (\$103.2 million).
- b) In February 2007, the City sold General Obligation Tender Notes, Series 2007 (\$31.7 million). The notes were issued at a short-term intermediate rate of 3.64 percent through December 6, 2007 and will mature no later than February 20, 2009. Proceeds will be used to meet the cash flow requirements of the City's Library and City Relief Funds. After the expiration of the initial period, the notes will bear interest at a weekly, short-term intermediate or fixed rate at the discretion of the City.
- c) In March 2007, the City sold General Obligation Bonds (City Colleges of Chicago Capital Improvement Project), Series 2007 (\$39.1 million). The bonds were issued at a premium with interest rates ranging from 4.0 percent to 5.0 percent and maturities from January 1, 2009 to January 1, 2039. Net proceeds of \$40.9 million will be used to finance various City Colleges' projects, and fund capitalized interest.
- d) In May 2007, the City sold General Obligation Bonds, Project and Refunding Series 2007A (\$547.6 million) and Taxable Series 2007B (\$42.0 million). The bonds were issued at a premium with interest rates ranging from 3.75 percent to 5.07 percent and maturity dates ranging from January 1, 2009 to January 1, 2037. Net proceeds of \$616.2 million will be used to finance certain projects, refund prior bonds, and capitalized interest.



**COMBINING AND
INDIVIDUAL FUND STATEMENTS**

GENERAL FUND



Schedule A-1
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
LOCAL TAX REVENUE				
UTILITY TAX:				
Gas	\$ 138,000	\$ 138,000	\$ 131,941	\$ (6,059)
Electric	95,500	95,500	96,665	1,165
Telecommunication	150,000	150,000	138,922	(11,078)
Commonwealth Edison	89,000	89,000	89,360	360
Infrastructure Maintenance	-	-	1,864	1,864
Fiber Optics	-	-	5	5
Cable Television	14,700	14,700	16,725	2,025
Total Utility Tax	<u>487,200</u>	<u>487,200</u>	<u>475,482</u>	<u>(11,718)</u>
SALES TAX:				
Home Rule Retailers' Occupation	243,000	243,000	266,337	23,337
TRANSPORTATION TAX:				
Parking	81,300	81,300	83,627	2,327
Vehicle Fuel	58,500	58,500	60,332	1,832
Ground Transportation	8,500	8,500	8,839	339
Total Transportation Tax	<u>148,300</u>	<u>148,300</u>	<u>152,798</u>	<u>4,498</u>
TRANSACTION TAX:				
Real Property	228,000	228,000	242,341	14,341
Personal Property Lease	81,000	81,000	90,170	9,170
Motor Vehicle Lessor	6,500	6,500	6,509	9
Total Transaction Tax	<u>315,500</u>	<u>315,500</u>	<u>339,020</u>	<u>23,520</u>
RECREATION TAX:				
Amusement	48,000	48,000	57,499	9,499
Automatic Amusement	1,500	1,500	1,291	(209)
Liquor	20,000	20,000	20,083	83
Boat Mooring	900	900	1,327	427
Cigarette	43,000	43,000	32,927	(10,073)
Off Track Betting	2,300	2,300	2,048	(252)
Soft Drink	10,000	10,000	10,894	894
Total Recreation Tax	<u>125,700</u>	<u>125,700</u>	<u>126,069</u>	<u>369</u>
BUSINESS TAX:				
Hotel	47,200	47,200	59,702	12,502
Employers' Expense	23,000	23,000	22,942	(58)
Foreign Fire Insurance	4,200	4,200	4,438	238
Total Business Tax	<u>74,400</u>	<u>74,400</u>	<u>87,082</u>	<u>12,682</u>
TOTAL LOCAL TAX REVENUE	<u>1,394,100</u>	<u>1,394,100</u>	<u>1,446,788</u>	<u>52,688</u>

Schedule A-1 - Continued
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
INTERGOVERNMENTAL REVENUE				
STATE INCOME TAX:				
Income	\$ 225,000	\$ 225,000	\$ 232,280	\$ 7,280
Personal Property Replacement	93,800	93,800	82,279	(11,521)
Total State Income Tax	<u>318,800</u>	<u>318,800</u>	<u>314,559</u>	<u>(4,241)</u>
STATE SALES TAX:				
State Retailers' Occupation	252,700	252,700	271,104	18,404
STATE AUTO RENTAL TAX:				
Municipal Auto Rental	3,400	3,400	3,737	337
FEDERAL/STATE GRANTS:				
Grants	2,000	2,000	2,802	802
TOTAL INTERGOVERNMENTAL REVENUE ...	<u>576,900</u>	<u>576,900</u>	<u>592,202</u>	<u>15,302</u>
LOCAL NON-TAX REVENUE				
INTERNAL SERVICE:				
Water Fund	52,017	52,017	52,017	-
Chicago-O'Hare International Airport Fund	39,681	39,681	33,989	(5,692)
Vehicle Tax Fund	19,026	19,026	19,026	-
Chicago Skyway Fund	-	-	-	-
Chicago Midway International Airport Fund	8,613	8,613	7,283	(1,330)
Federal Funds	19,052	19,052	15,564	(3,488)
Sewer Fund	22,037	22,037	22,037	-
Emergency Communication Fund	23,026	23,026	25,026	2,000
Federal Funds - Pensions	17,147	17,147	14,149	(2,998)
Indirect Cost Recovery	1,905	1,905	1,503	(402)
Electrical Services	6,981	6,981	8,960	1,979
Electrical Construction	17,092	17,092	18,125	1,033
Transportation	17,814	17,814	11,893	(5,921)
Fleet Management	18,930	18,930	13,109	(5,821)
Miscellaneous - Planning, Purchasing, etc.	7,402	7,402	9,061	1,659
Other	-	-	1,679	1,679
Total Internal Service	<u>270,723</u>	<u>270,723</u>	<u>253,421</u>	<u>(17,302)</u>
LICENSES AND PERMITS:				
Alcoholic Liquor Dealers' License	10,500	10,500	11,876	1,376
Building License	18,200	18,200	20,304	2,104
Building Permits	37,000	37,000	36,872	(128)
Fines and Penalties	7,000	7,000	6,483	(517)
Other	39,665	39,665	42,154	2,489
Total Licenses and Permits	<u>112,365</u>	<u>112,365</u>	<u>117,689</u>	<u>5,324</u>

Schedule A-1 - Concluded
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
LOCAL NON-TAX REVENUE - Concluded				
FINES:				
Fines, Forfeitures and Penalties	\$ 210,100	\$ 210,100	\$ 203,023	\$ (7,077)
INVESTMENT INCOME:				
Interest on Investments	4,000	4,000	12,861	8,861
CHARGES FOR SERVICES:				
Health Services	6,800	6,800	886	(5,914)
Inspection	9,000	9,000	13,743	4,743
Information	800	800	1,076	276
Safety	50,200	50,200	60,031	9,831
Reimbursement of Current Expense	7,200	7,200	6,586	(614)
Other	11,700	11,700	7,382	(4,318)
Total Charges for Services	85,700	85,700	89,704	4,004
MUNICIPAL UTILITIES:				
Parking	23,200	23,200	26,479	3,279
Total Municipal Utilities	23,200	23,200	26,479	3,279
LEASES, RENTALS AND SALES:				
Sale of Land and Buildings	24,000	24,000	2,731	(21,269)
Vacation of Streets and Alleys	3,000	3,000	5,242	2,242
Sale of Impounded Autos	200	200	235	35
Sale of Materials	600	600	955	355
Rentals and Leases	8,250	8,250	5,036	(3,214)
Total Leases, Rentals and Sales	36,050	36,050	14,199	(21,851)
MISCELLANEOUS:				
Property Damage	170	170	163	(7)
Other	20,630	20,630	12,460	(8,170)
Total Miscellaneous	20,800	20,800	12,623	(8,177)
TOTAL LOCAL NON-TAX REVENUE	762,938	762,938	729,999	(32,939)
Budgeted Prior Years' Surplus and Reappropriations				
	63,312	63,312	27,661	(35,651)
Transfers In	154,857	154,857	115,058	(39,799)
Total Revenues	\$ 2,952,107	\$ 2,952,107	\$ 2,911,708	\$ (40,399)

NONMAJOR GOVERNMENTAL FUNDS



Schedule B-1
CITY OF CHICAGO, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2006
(Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 663,008	\$ 9,232	\$ 46,831	\$ 719,071
Investments	166,046	2,119	26,246	194,411
Cash and Investments with Escrow Agent	-	164,639	-	164,639
Receivables (Net of Allowances):				
Property Tax	564,825	191,810	-	756,635
Accounts	12,609	985	6,474	20,068
Due from Other Funds	78,395	50	80,465	158,910
Due from Other Governments	15,308	336	34,780	50,424
Total Assets	<u>\$ 1,500,191</u>	<u>\$ 369,171</u>	<u>\$ 194,796</u>	<u>\$ 2,064,158</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Voucher Warrants Payable	\$ 62,021	\$ -	\$ 28,147	\$ 90,168
Bonds, Notes and Other Obligations Payable - Current	-	3,590	-	3,590
Accrued Interest	-	3,499	-	3,499
Due to Other Funds	138,479	-	2,089	140,568
Accrued and Other Liabilities	15,071	78	34,051	49,200
Deferred Revenue	518,065	181,801	-	699,866
Total Liabilities	<u>733,636</u>	<u>188,968</u>	<u>64,287</u>	<u>986,891</u>
Fund Balance:				
Reserved for Encumbrances	22,892	-	22,352	45,244
Reserved for Debt Service	-	180,203	-	180,203
Unreserved, Undesignated	743,663	-	108,157	851,820
Total Fund Balance	<u>766,555</u>	<u>180,203</u>	<u>130,509</u>	<u>1,077,267</u>
Total Liabilities and Fund Balance	<u>\$ 1,500,191</u>	<u>\$ 369,171</u>	<u>\$ 194,796</u>	<u>\$ 2,064,158</u>

Schedule B-2
CITY OF CHICAGO, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES				
Property Tax	\$ 302,772	\$ -	\$ -	\$ 302,772
Utility Tax	24,299	-	-	24,299
Sales Tax	76	2,453	-	2,529
Transportation Tax	164,001	-	-	164,001
State Income Tax	65,552	-	-	65,552
Special Area Tax	201,499	172,843	-	374,342
Other Taxes	16,732	-	-	16,732
Federal/State Grants	-	-	-	-
Internal Service	21,770	-	-	21,770
Fines	18,796	-	-	18,796
Investment Income	24,582	11,088	7,281	42,951
Charges for Services	39,039	-	-	39,039
Miscellaneous	10,836	7,971	820	19,627
Total Revenues	889,954	194,355	8,101	1,092,410
EXPENDITURES				
Current:				
General Government	283,944	-	-	283,944
Health	7,839	-	-	7,839
Public Safety	3,098	-	-	3,098
Streets and Sanitation	100,538	-	-	100,538
Transportation	74,955	-	-	74,955
Cultural and Recreational	82,683	-	-	82,683
Employee Pensions	396,923	-	-	396,923
Other	375	-	-	375
Capital Outlay	-	-	134,681	134,681
Debt Service:				
Principal Retirement	-	75,248	-	75,248
Interest and Other Fiscal Charges	6,356	31,574	-	37,930
Total Expenditures	956,711	106,822	134,681	1,198,214
Revenues Over (Under) Expenditures	(66,757)	87,533	(126,580)	(105,804)

Continued on following page.

Schedule B-2 - Concluded
CITY OF CHICAGO, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Total Special Revenue Funds	Debt Service Fund Special Taxing Areas	Total Capital Project Funds	Total Nonmajor Governmental Funds
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	\$ 79,250	\$ 150	\$ 121,000	\$ 200,400
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfers In	193,850	8,741	-	202,591
Transfers Out	(33,729)	(161,009)	-	(194,738)
Total Other Financing Sources (Uses)	<u>239,371</u>	<u>(152,118)</u>	<u>121,000</u>	<u>208,253</u>
Net Change in Fund Balances	172,614	(64,585)	(5,580)	102,449
Fund Balance - Beginning of Year	593,941	244,788	136,089	974,818
Fund Balance - End of Year	<u>\$ 766,555</u>	<u>\$ 180,203</u>	<u>\$ 130,509</u>	<u>\$ 1,077,267</u>

NONMAJOR SPECIAL REVENUE FUNDS

Vehicle Tax Fund - Expenditures made in accordance with the policy established by the City Council in connection with street repairs and maintenance, as provided by sale of vehicle licenses.

Motor Fuel Tax and Project Fund - Expenditures for repair and maintenance of streets and pavements as provided by the City's distributive share of State Motor Fuel Tax and Motor Fuel Tax Revenue Bonds.

Pension Fund - For the City's contribution to Employees' Annuity and Benefit Funds as provided by tax levy and State Personal Property Replacement Tax revenue.

Public Building Commission Fund - For rentals of space and long-term lease obligations by the City as provided by tax levy.

Miscellaneous Fund - Expenditures for environmental management purposes related to liquid waste, inspection, operation of emergency communication system and other obligations, as provided by revenues from fees collected for disposal of liquid waste, by fees on telephone billings and transfers in.

Chicago Public Library Fund - Expenditures for acquisition, repairs, construction and equipment of library buildings; also library maintenance and operations as provided by proceeds of debt, fines and miscellaneous revenues.

Special Events, Tourism and Festivals Fund - Expenditures for promoting tourism, conventions and other special events projects in Chicago as provided by the State from Municipal Hotel-Motel Tax receipts and by proceeds from Jazz, Blues and Gospel Festivals and Taste of Chicago.

Health and Welfare Fund - For general assistance to be expended and administered by the Illinois Department of Public Aid as provided by patient fees, City and State grants and proceeds of debt, and for neighborhood human infrastructure projects designed to improve the quality of life for citizens.

Special Taxing Areas Fund - Expenditures for special area operations and maintenance and for redevelopment project costs as provided by tax levies on special areas.

Schedule C-1
CITY OF CHICAGO, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2006
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension	Public Building Commission
ASSETS				
Cash and Cash Equivalents	\$ 18	\$ 1,804	\$ 1,141	\$ -
Investments	6,228	9,202	-	-
Receivables (Net of Allowances):				
Property Tax	-	-	326,126	-
Accounts	-	1,661	-	-
Due from Other Funds	30,815	541	-	-
Due from Other Governments	-	6,679	-	2,038
Total Assets	<u>\$ 37,061</u>	<u>\$ 19,887</u>	<u>\$ 327,267</u>	<u>\$ 2,038</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Voucher Warrants Payable	\$ 10,606	\$ 13,325	\$ 3,296	\$ -
Due to Other Funds	31,922	7,543	29,221	-
Accrued and Other Liabilities	3,879	-	-	-
Deferred Revenue	-	-	294,750	-
Total Liabilities	<u>46,407</u>	<u>20,868</u>	<u>327,267</u>	<u>-</u>
Fund Balance (Deficit):				
Reserve for Encumbrances	1,449	2,605	-	-
Unreserved, Undesignated	<u>(10,795)</u>	<u>(3,586)</u>	<u>-</u>	<u>2,038</u>
Total Fund Balance (Deficit)	<u>(9,346)</u>	<u>(981)</u>	<u>-</u>	<u>2,038</u>
Total Liabilities and Fund Balance	<u>\$ 37,061</u>	<u>\$ 19,887</u>	<u>\$ 327,267</u>	<u>\$ 2,038</u>

<u>Miscellaneous</u>	<u>Chicago Public Library</u>	<u>Special Events, Tourism and Festivals</u>	<u>Health and Welfare</u>	<u>Special Taxing Areas</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,750	\$ -	\$ 3,470	\$ 2	\$ 654,823	\$ 663,008
2,043	2,859	59	73,593	72,062	166,046
-	-	-	-	238,699	564,825
666	168	11	611	9,492	12,609
32,330	13,468	674	-	567	78,395
-	-	6,588	-	3	15,308
<u>\$ 36,789</u>	<u>\$ 16,495</u>	<u>\$ 10,802</u>	<u>\$ 74,206</u>	<u>\$ 975,646</u>	<u>\$ 1,500,191</u>
\$ 1,722	\$ 5,898	\$ 2,816	\$ 7,718	\$ 16,640	\$ 62,021
20,903	7,165	1,743	25,107	14,875	138,479
61	958	6,403	-	3,770	15,071
-	-	-	-	223,315	518,065
<u>22,686</u>	<u>14,021</u>	<u>10,962</u>	<u>32,825</u>	<u>258,600</u>	<u>733,636</u>
494	4,525	52	100	13,667	22,892
13,609	(2,051)	(212)	41,281	703,379	743,663
<u>14,103</u>	<u>2,474</u>	<u>(160)</u>	<u>41,381</u>	<u>717,046</u>	<u>766,555</u>
<u>\$ 36,789</u>	<u>\$ 16,495</u>	<u>\$ 10,802</u>	<u>\$ 74,206</u>	<u>\$ 975,646</u>	<u>\$ 1,500,191</u>

Schedule C-2
CITY OF CHICAGO, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Vehicle Tax	Motor Fuel Tax and Project	Pension	Public Building Commission
Revenues:				
Property Tax	\$ -	\$ -	\$ 302,558	\$ -
Utility Tax	-	-	-	-
Sales Tax	-	-	-	-
Transportation Tax	92,332	70,720	-	-
State Income Tax	-	-	65,552	-
Special Area Tax	-	-	-	-
Other Taxes	-	-	-	-
Federal/State Grants	-	-	-	-
Internal Service	20,763	8	-	-
Fines	17,252	-	-	-
Investment Income	14	712	1,813	2,745
Charges for Services	11,056	-	-	-
Miscellaneous	30	-	-	-
Total Revenues	141,447	71,440	369,923	2,745
Expenditures:				
Current:				
General Government	51,517	-	-	-
Health	-	-	-	-
Public Safety	-	-	-	-
Streets and Sanitation	59,047	40,615	-	-
Transportation	31,462	33,925	-	-
Cultural and Recreational	-	-	-	-
Employee Pensions	-	-	396,923	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Other Fiscal Charges	-	-	-	2,701
Total Expenditures	142,026	74,540	396,923	2,701
Revenues Over (Under) Expenditures	(579)	(3,100)	(27,000)	44
Other Financing Sources (Uses):				
Issuance of Debt	-	-	27,000	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	27,000	-
Net Change in Fund Balances	(579)	(3,100)	-	44
Fund Balance (Deficit) - Beginning of Year	(8,767)	2,119	-	1,994
Fund Balance (Deficit) - End of Year	<u>\$ (9,346)</u>	<u>\$ (981)</u>	<u>\$ -</u>	<u>\$ 2,038</u>

Miscellaneous	Chicago Public Library	Special Events, Tourism and Festivals	Health and Welfare	Special Taxing Areas	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 214	\$ -	\$ 302,772
24,299	-	-	-	-	24,299
-	-	-	-	76	76
-	-	949	-	-	164,001
-	-	-	-	-	65,552
-	-	-	-	201,499	201,499
-	-	16,732	-	-	16,732
-	-	-	-	-	-
80	-	-	-	919	21,770
-	1,544	-	-	-	18,796
1,831	703	152	3,957	12,655	24,582
6,696	3	21,269	-	15	39,039
8,957	209	943	-	697	10,836
<u>41,863</u>	<u>2,459</u>	<u>40,045</u>	<u>4,171</u>	<u>215,861</u>	<u>889,954</u>
58,211	32,441	4,454	12,950	124,371	283,944
7,466	-	-	-	373	7,839
2,895	-	133	-	70	3,098
-	-	-	-	876	100,538
-	-	-	562	9,006	74,955
-	40,950	41,731	-	2	82,683
-	-	-	-	-	396,923
-	-	375	-	-	375
-	-	-	-	-	-
-	-	-	-	-	-
-	2,726	-	906	23	6,356
<u>68,572</u>	<u>76,117</u>	<u>46,693</u>	<u>14,418</u>	<u>134,721</u>	<u>956,711</u>
<u>(26,709)</u>	<u>(73,658)</u>	<u>(6,648)</u>	<u>(10,247)</u>	<u>81,140</u>	<u>(66,757)</u>
-	33,000	6,800	12,100	350	79,250
-	36,600	-	-	157,250	193,850
-	-	-	(20,000)	(13,729)	(33,729)
-	69,600	6,800	(7,900)	143,871	239,371
(26,709)	(4,058)	152	(18,147)	225,011	172,614
40,812	6,532	(312)	59,528	492,035	593,941
<u>\$ 14,103</u>	<u>\$ 2,474</u>	<u>\$ (160)</u>	<u>\$ 41,381</u>	<u>\$ 717,046</u>	<u>\$ 766,555</u>

Schedule C-3
CITY OF CHICAGO, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

FUND	Property Tax	Special Area and Utility Taxes	Trans- portation Tax	State Taxes
Original and Final Budgeted Revenues:				
Vehicle Tax	\$ -	\$ -	\$ 98,000	\$ -
Motor Fuel Tax and Project	-	-	71,334	-
Pension	325,143	-	-	55,719
Public Building Commission	-	-	-	-
Miscellaneous	-	23,526	-	-
Chicago Public Library	-	-	-	-
Special Events, Tourism and Festivals	-	-	839	14,291
Health and Welfare	-	-	-	-
Special Taxing Areas	-	238,698	-	-
Total Original and Final Budgeted Revenues	<u>325,143</u>	<u>262,224</u>	<u>170,173</u>	<u>70,010</u>
Actual Revenues:				
Vehicle Tax	-	-	92,332	-
Motor Fuel Tax and Project	-	-	70,720	-
Pension	330,536	-	-	65,552
Public Building Commission	-	-	-	-
Miscellaneous	-	24,299	-	-
Chicago Public Library	-	-	-	-
Special Events, Tourism and Festivals	-	-	949	16,732
Health and Welfare	214	-	-	-
Special Taxing Areas	-	243,435	-	76
Total Actual Revenues	<u>330,750</u>	<u>267,734</u>	<u>164,001</u>	<u>82,360</u>
Variance Positive (Negative)	<u>\$ 5,607</u>	<u>\$ 5,510</u>	<u>\$ (6,172)</u>	<u>\$ 12,350</u>

Internal Service	Fines	Investment Income	Leases, Rentals, Sales and Charges for Services	Miscellaneous	Proceeds of Debt	Budgeted Prior Years' Surplus and Operating Transfers In/ Other	Total Nonmajor Special Revenue Funds
\$ 25,540	\$ 14,000	\$ -	\$ 10,800	\$ 1,500	\$ -	\$ (596)	\$ 149,244
-	-	800	-	-	-	18,040	90,174
-	-	-	-	-	-	-	380,862
-	-	-	-	-	-	-	-
-	-	-	-	11,119	-	1,178	35,823
-	1,100	450	200	2,000	33,000	51,987	88,737
-	-	-	20,930	-	6,800	(97)	42,763
-	-	-	-	-	12,079	59,373	71,452
-	-	-	-	-	-	912	239,610
<u>25,540</u>	<u>15,100</u>	<u>1,250</u>	<u>31,930</u>	<u>14,619</u>	<u>51,879</u>	<u>130,797</u>	<u>1,098,665</u>
20,763	17,252	14	11,056	30	-	-	141,447
8	-	712	-	-	-	-	71,440
-	-	1,813	-	-	27,000	-	424,901
-	-	2,745	-	-	-	-	2,745
80	-	1,831	6,696	8,957	-	-	41,863
-	1,544	703	3	209	33,000	36,600	72,059
-	-	152	21,269	943	6,800	-	46,845
-	-	3,957	-	-	12,100	-	16,271
919	-	12,655	15	697	350	157,250	415,397
<u>21,770</u>	<u>18,796</u>	<u>24,582</u>	<u>39,039</u>	<u>10,836</u>	<u>79,250</u>	<u>193,850</u>	<u>1,232,968</u>
<u>\$ (3,770)</u>	<u>\$ 3,696</u>	<u>\$ 23,332</u>	<u>\$ 7,109</u>	<u>\$ (3,783)</u>	<u>\$ 27,371</u>	<u>\$ 63,053</u>	<u>\$ 134,303</u>

Schedule C-4
CITY OF CHICAGO, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF EXPENDITURES AND ENCUMBRANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

FUND	<u>General Government</u>	<u>Health</u>	<u>Public Safety</u>	<u>Streets and Sanitation</u>
Original and Final Budget:				
Vehicle Tax	\$ 56,390	\$ -	\$ -	\$ 56,661
Motor Fuel Tax and Project	-	-	-	47,138
Pension	-	-	-	-
Miscellaneous	29,526	764	5,533	-
Chicago Public Library	35,734	-	-	-
Special Events, Tourism and Festivals	4,293	-	-	-
Health and Welfare	70,642	-	-	-
Special Taxing Areas	238,966	-	-	644
Total Original and Final Budget	<u>435,551</u>	<u>764</u>	<u>5,533</u>	<u>104,443</u>
Actual Expenditures and Encumbrances:				
Vehicle Tax	51,344	-	-	57,849
Motor Fuel Tax and Project	-	-	-	41,248
Pension	-	-	-	-
Miscellaneous	28,242	2,089	1,584	-
Chicago Public Library	34,211	-	-	-
Special Events, Tourism and Festivals	4,829	-	127	-
Health and Welfare	13,050	-	-	-
Special Taxing Areas	69,534	-	-	578
Total Actual Expenditures and Encumbrances	<u>201,210</u>	<u>2,089</u>	<u>1,711</u>	<u>99,675</u>
Variance Positive (Negative)	<u>\$ 234,341</u>	<u>\$ (1,325)</u>	<u>\$ 3,822</u>	<u>\$ 4,768</u>

<u>Trans- portation</u>	<u>Cultural and Recreational</u>	<u>Employee Pensions</u>	<u>Operating Transfers Out</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 36,193	\$ -	\$ -	\$ -	\$ -	\$ 149,244
43,036	-	-	-	-	90,174
-	-	380,862	-	-	380,862
-	-	-	-	-	35,823
-	50,515	-	-	2,488	88,737
-	38,470	-	-	-	42,763
-	-	-	-	810	71,452
-	-	-	-	-	239,610
<u>79,229</u>	<u>88,985</u>	<u>380,862</u>	<u>-</u>	<u>3,298</u>	<u>1,098,665</u>
31,671	-	-	-	-	140,864
33,227	-	-	-	204	74,679
-	-	396,923	-	-	396,923
-	-	-	2,000	-	33,915
-	40,975	-	-	2,726	77,912
-	41,782	-	-	-	46,738
-	-	-	20,000	906	33,956
-	-	-	13,729	-	83,841
<u>64,898</u>	<u>82,757</u>	<u>396,923</u>	<u>35,729</u>	<u>3,836</u>	<u>888,828</u>
<u>\$ 14,331</u>	<u>\$ 6,228</u>	<u>\$ (16,061)</u>	<u>\$ (35,729)</u>	<u>\$ (538)</u>	<u>\$ 209,837</u>

NONMAJOR CAPITAL PROJECT FUNDS

Highway and Transportation Projects - Proceeds of debt used to improve highways and transportation systems.

Building Projects - Proceeds of debt used to finance exterior and interior construction and mechanical work on buildings used by City departments and the public.

Equipment Projects - Proceeds of debt used to purchase capital assets and maintain equipment and machinery for various City departments.

Chicago Public Building Commission - Accounts for assets held by Public Building Commission as trustee or agent during the interim financing period of certain City projects.



Schedule D-1
CITY OF CHICAGO, ILLINOIS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
December 31, 2006
(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,084	\$ 337	\$ 45,410	\$ -	\$ 46,831
Investments	2,101	827	23,318	-	26,246
Accounts Receivable (Net of Allowances)	29	-	1,586	4,859	6,474
Due from Other Funds	-	-	80,465	-	80,465
Due from Other Governments	-	-	-	34,780	34,780
Total Assets	<u>\$ 3,214</u>	<u>\$ 1,164</u>	<u>\$ 150,779</u>	<u>\$ 39,639</u>	<u>\$ 194,796</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Voucher Warrants Payable	\$ 6	\$ 1	\$ 28,140	\$ -	\$ 28,147
Due to Other Funds	-	-	2,089	-	2,089
Accrued and Other Liabilities	-	-	241	33,810	34,051
Total Liabilities	<u>6</u>	<u>1</u>	<u>30,470</u>	<u>33,810</u>	<u>64,287</u>
Fund Balance:					
Reserved for Encumbrances	1	95	22,256	-	22,352
Unreserved, Undesignated	3,207	1,068	98,053	5,829	108,157
Total Fund Balance	<u>3,208</u>	<u>1,163</u>	<u>120,309</u>	<u>5,829</u>	<u>130,509</u>
Total Liabilities and Fund Balance	<u>\$ 3,214</u>	<u>\$ 1,164</u>	<u>\$ 150,779</u>	<u>\$ 39,639</u>	<u>\$ 194,796</u>

Schedule D-2
CITY OF CHICAGO, ILLINOIS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Highway and Transportation Projects	Building Projects	Equipment Projects	Chicago Public Building Commission	Total Nonmajor Capital Project Funds
REVENUES					
Investment Income	\$ -	\$ 148	\$ 6,271	\$ 862	\$ 7,281
Miscellaneous	-	-	820	-	820
Total Revenues	<u>-</u>	<u>148</u>	<u>7,091</u>	<u>862</u>	<u>8,101</u>
EXPENDITURES					
Capital Outlay	<u>365</u>	<u>2</u>	<u>134,314</u>	<u>-</u>	<u>134,681</u>
Total Expenditures	<u>365</u>	<u>2</u>	<u>134,314</u>	<u>-</u>	<u>134,681</u>
Revenues Over (Under) Expenditures	<u>(365)</u>	<u>146</u>	<u>(127,223)</u>	<u>862</u>	<u>(126,580)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	121,000	-	121,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>121,000</u>	<u>-</u>	<u>121,000</u>
Net Change in Fund Balance	(365)	146	(6,223)	862	(5,580)
Fund Balance - Beginning of Year	3,573	1,017	126,532	4,967	136,089
Fund Balance - End of Year	<u>\$ 3,208</u>	<u>\$ 1,163</u>	<u>\$ 120,309</u>	<u>\$ 5,829</u>	<u>\$ 130,509</u>

FIDUCIARY FUNDS

AGENCY FUNDS - Account for transactions for assets held by the City as agent for various entities.

PENSION TRUST FUNDS - Expenditures for employee pensions as provided by employee and employer contributions and investment earnings.



Schedule E-1
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
December 31, 2006
(Amounts are in Thousands of Dollars)

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
ASSETS:						
Cash,						
January 1, 2006.....	\$ 8,662	\$ 14,823	\$ 74,622	\$ 24,566	\$ 2,457	\$ 125,130
Additions.....	3,310,042	2,577	434,305	68,967	6,986	3,822,877
Deductions.....	3,255,039	613	465,674	57,888	5,151	3,784,365
Cash,						
December 31, 2006.....	63,665	16,787	43,253	35,645	4,292	163,642
Investments,						
January 1, 2006.....	5,332	2,577	25,561	3,547	1,340	38,357
Additions.....	31	613	37,080	4,605	1,471	43,800
Deductions.....	5,332	2,577	38,100	3,547	2,796	52,352
Investments,						
December 31, 2006.....	31	613	24,541	4,605	15	29,805
Cash and Investments with Escrow Agent,						
January 1, 2006.....	-	-	20,194	257	-	20,451
Additions.....	-	-	27,451	-	-	27,451
Deductions.....	-	-	30,541	139	-	30,680
Cash and Investments with Escrow Agent,						
December 31, 2006.....	-	-	17,104	118	-	17,222
Accounts Receivables,						
January 1, 2006.....	-	3,846	20,062	267	2,203	26,378
Additions.....	14	-	99,466	50,528	1,354	151,362
Deductions.....	-	-	24,051	509	2,076	26,636
Accounts Receivables,						
December 31, 2006.....	14	3,846	95,477	50,286	1,481	151,104
Due from City,						
January 1, 2006.....	14,127	-	4,038	50,002	61	68,228
Additions.....	33	-	19,545	1,078	561	21,217
Deductions.....	14,160	-	23,583	51,080	622	89,445
Due from City,						
December 31, 2006.....	-	-	-	-	-	-

Schedule E-1 - Concluded
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
December 31, 2006
(Amounts are in Thousands of Dollars)

	Payroll Clearing Fund	Payroll Deduction Fund	Other Clearing Fund	License and Special Deposit Fund	Special Assessment Fund	Total
ASSETS - Concluded:						
Total Assets,						
January 1, 2006.....	\$ 28,121	\$ 21,246	\$ 144,477	\$ 78,639	\$ 6,061	\$ 278,544
Additions.....	3,310,120	3,190	617,847	125,178	10,372	4,066,707
Deductions.....	3,274,531	3,190	581,949	113,163	10,645	3,983,478
Total Assets,						
December 31, 2006.....	<u>\$ 63,710</u>	<u>\$ 21,246</u>	<u>\$ 180,375</u>	<u>\$ 90,654</u>	<u>\$ 5,788</u>	<u>\$ 361,773</u>
LIABILITIES:						
Voucher Warrants Payable,						
January 1, 2006.....	\$ 27,505	\$ 34	\$ 19,530	\$ 2,819	\$ 9	\$ 49,897
Additions.....	6,979,059	-	330,958	37,269	2,348	7,349,634
Deductions.....	6,937,999	-	311,177	36,674	2,353	7,288,203
Voucher Warrants Payable,						
December 31, 2006.....	<u>68,565</u>	<u>34</u>	<u>39,311</u>	<u>3,414</u>	<u>4</u>	<u>111,328</u>
Due to City,						
January 1, 2006.....	554	-	20,293	1,076	61	21,984
Additions.....	871	-	31,427	19,433	561	52,292
Deductions.....	1,425	-	51,720	20,509	622	74,276
Due to City,						
December 31, 2006.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued Liabilities,						
January 1, 2006.....	63	21,212	104,655	74,746	5,992	206,668
Additions.....	1,865,274	-	93,220	28,837	3,097	1,990,428
Deductions.....	1,870,192	-	56,811	16,343	3,305	1,946,651
Accrued Liabilities,						
December 31, 2006.....	<u>(4,855)</u>	<u>21,212</u>	<u>141,064</u>	<u>87,240</u>	<u>5,784</u>	<u>250,445</u>
Total Liabilities,						
January 1, 2006.....	28,122	21,246	144,478	78,641	6,062	278,549
Additions.....	8,845,204	-	455,605	85,539	6,006	9,392,354
Deductions.....	8,809,616	-	419,708	73,526	6,280	9,309,130
Total Liabilities,						
December 31, 2006.....	<u>\$ 63,710</u>	<u>\$ 21,246</u>	<u>\$ 180,375</u>	<u>\$ 90,654</u>	<u>\$ 5,788</u>	<u>\$ 361,773</u>

Schedule E-2
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
December 31, 2006
(Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
ASSETS					
Cash and Cash Equivalents	\$ 5,369	\$ 148,856	\$ 99,206	\$ 47,362	\$ 300,793
Receivables					
Employer and Other	239,329	1,437	325,806	72,890	639,462
Interest and Dividends	16,576	5,552	11,950	79,491	113,569
Total Receivables	255,905	6,989	337,756	152,381	753,031
Due from City	11,716	-	11,571	5,934	29,221
Investments, at Fair Value					
Bonds and U.S. Government					
Obligations	1,701,046	556,082	828,526	192,402	3,278,056
Stocks	4,456,697	1,026,818	2,528,842	999,538	9,011,895
Mortgages and Real Estate	288,027	34,471	27,579	9,010	359,087
Other	351,237	44,331	545,316	62,801	1,003,685
Total Investments	6,797,007	1,661,702	3,930,263	1,263,751	13,652,723
Invested Securities Lending					
Collateral	922,831	257,139	564,203	222,953	1,967,126
Total Assets	7,992,828	2,074,686	4,942,999	1,692,381	16,702,894
LIABILITIES					
Voucher Warrants Payable	228,869	77,886	186,720	77,944	571,419
Securities Lending Collateral	922,831	257,139	564,203	222,953	1,967,126
Total Liabilities	1,151,700	335,025	750,923	300,897	2,538,545
Net Assets Held in Trust for					
Pension Benefits	<u>\$ 6,841,128</u>	<u>\$ 1,739,661</u>	<u>\$ 4,192,076</u>	<u>\$ 1,391,484</u>	<u>\$ 14,164,349</u>

Schedule E-3
CITY OF CHICAGO, ILLINOIS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	Pension Trust Funds				
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
ADDITIONS					
Contributions					
Employees	\$ 129,466	\$ 18,792	\$ 91,966	\$ 44,222	\$ 284,446
City	157,063	106	157,689	78,971	393,829
Total Contributions	<u>286,529</u>	<u>18,898</u>	<u>249,655</u>	<u>123,193</u>	<u>678,275</u>
Investment Income					
Net Appreciation in Fair					
Value of Investments	628,263	135,594	373,574	147,561	1,284,992
Interest, Dividends and Other	170,619	45,741	86,764	32,848	335,972
Investment Expense	(23,048)	(7,596)	(13,377)	(6,623)	(50,644)
Net Investment Income	<u>775,834</u>	<u>173,739</u>	<u>446,961</u>	<u>173,786</u>	<u>1,570,320</u>
Securities Lending Transactions					
Securities Lending Income	44,450	12,570	29,767	10,503	97,290
Securities Lending Expense	(41,558)	(11,774)	(28,383)	(9,794)	(91,509)
Net Securities Lending Transactions	<u>2,892</u>	<u>796</u>	<u>1,384</u>	<u>709</u>	<u>5,781</u>
Total Additions	<u>1,065,255</u>	<u>193,433</u>	<u>698,000</u>	<u>297,688</u>	<u>2,254,376</u>
DEDUCTIONS					
Benefits and Refunds of					
Deductions	574,618	110,002	458,060	178,215	1,320,895
Administrative and General	6,398	2,831	2,701	2,647	14,577
Total Deductions	<u>581,016</u>	<u>112,833</u>	<u>460,761</u>	<u>180,862</u>	<u>1,335,472</u>
Net Increase in Net Assets	<u>484,239</u>	<u>80,600</u>	<u>237,239</u>	<u>116,826</u>	<u>918,904</u>
Net Assets Held in Trust for					
Pension Benefits:					
Beginning of Year	<u>6,356,889</u>	<u>1,659,061</u>	<u>3,954,837</u>	<u>1,274,658</u>	<u>13,245,445</u>
End of Year	<u>\$ 6,841,128</u>	<u>\$ 1,739,661</u>	<u>\$ 4,192,076</u>	<u>\$ 1,391,484</u>	<u>\$ 14,164,349</u>



LEADING INDIVIDUALS, CORPORATIONS AND FOUNDATIONS FOR THEIR GENEROUS GIFTS TO
CORPORATIONS AND FOUNDATIONS

ABBOTT LABORATORIES, THE ALPHEA FOUNDATION, AND SANITATION CORPORATION, ANEL W. J. JONES, WARR ONE
OF AMERICA, INC., CIGNA, KROGER CO., COMPANIES OF ILLINOIS AND TOUCHÉ FRONZ-GUYON SACHS
HARDING PERRELL REALTY CORPORATION, IAN H. BANK, THE CLEVELAND HOUSE OF TYRUS, SARA LEE CORPORATION,
SICAMBI, BETH THE BERRY FOUNDATION, THE WRIGHT JR. COMPANY FOUNDATION, MARY ANNE
REXALL, THE UNIVERSITY OF CHICAGO, COOPERATIVE TRUST, THE UNIVERSITY OF MICHIGAN, MARSHALL AND JAMIE HILDEBRAND TRUST, SAR
LOYD A. FRY FOUNDATION, THE J. B. AND M. A. BROWN HEAVON FAMILY FOUNDATION, INC., SAR
LIBA AND ROCKY MALLORY FOUNDATION, WELLS FARGO FOUNDATION, THE FLANNERY LEDEBERG FOUNDATION
THE UNIVERSITY OF ILLINOIS AT CHICAGO, JOHN W. ROBERTSON, ROBERTSON TRIBUNE FOUNDATION
THE UNIVERSITY OF MICHIGAN, THE UNIVERSITY OF MICHIGAN, ELIZABETH ROBERTSON'S CHARITABLE TRUST, THE UNIVERSITY OF MICHIGAN
THE UNIVERSITY OF MICHIGAN, THE UNIVERSITY OF MICHIGAN, THE UNIVERSITY OF MICHIGAN, THE UNIVERSITY OF MICHIGAN

PART III
STATISTICAL SECTION
(UNAUDITED)



Table 1
CITY OF CHICAGO
NET ASSETS BY COMPONENT
Last Five Fiscal Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	2002	2003	2004	2005	2006
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 1,418,685	\$ 1,091,893	\$ 813,964	\$ 514,271	\$ 574,393
Restricted	997,687	1,216,595	1,346,754	2,632,804	2,451,160
Unrestricted (deficit)	(827,376)	(1,202,113)	(1,397,160)	(1,597,634)	(2,003,328)
Total governmental activities net assets	<u>\$ 1,588,996</u>	<u>\$ 1,106,375</u>	<u>\$ 763,558</u>	<u>\$ 1,549,441</u>	<u>\$ 1,022,225</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 1,744,719	\$ 1,560,539	\$ 1,610,788	\$ 1,879,343	\$ 1,940,069
Restricted	716,704	897,313	877,781	886,488	971,669
Unrestricted	(23,929)	(16,955)	(117,238)	(1,603,766)	(1,587,939)
Total business type activities, net assets	<u>\$ 2,437,494</u>	<u>\$ 2,440,897</u>	<u>\$ 2,371,331</u>	<u>\$ 1,162,065</u>	<u>\$ 1,323,799</u>
Primary Government:					
Invested in capital assets, net of related debt	\$ 3,163,404	\$ 2,652,432	\$ 2,424,752	\$ 2,393,614	\$ 2,514,462
Restricted	1,714,391	2,113,908	2,224,535	3,519,292	3,422,829
Unrestricted	(851,305)	(1,219,068)	(1,514,398)	(3,201,400)	(3,591,267)
Total primary government, net assets	<u>\$ 4,026,490</u>	<u>\$ 3,547,272</u>	<u>\$ 3,134,889</u>	<u>\$ 2,711,506</u>	<u>\$ 2,346,024</u>

Table 2
CITY OF CHICAGO
CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING
Last Five Fiscal Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government	\$ 1,587,322	\$ 1,738,548	\$ 1,642,072	\$ 1,842,353	\$ 2,088,299
Public Safety	1,623,340	1,646,760	1,853,887	1,834,008	2,300,048
Employee Pensions	328,518	354,819	299,810	388,053	-
Streets and Sanitation	318,982	335,727	334,878	353,976	337,103
Transportation	240,572	304,580	275,536	285,598	292,679
Health	178,741	174,780	164,830	147,376	170,769
Cultural and Recreational	102,516	100,725	95,924	114,504	119,193
Other	10,332	10,771	10,581	9,892	-
Interest on Long-term Debt	280,347	301,181	352,119	335,373	371,523
Total Governmental Activities Expenses	<u>4,670,670</u>	<u>4,967,891</u>	<u>5,029,637</u>	<u>5,311,133</u>	<u>5,679,614</u>
Business-type Activities:					
Water	305,246	318,925	297,902	326,444	324,075
Sewer	146,286	144,420	135,013	132,727	130,471
Chicago Midway International Airport	117,117	128,550	138,404	170,959	188,092
Chicago-O'Hare International Airport	611,484	636,653	645,437	692,575	697,497
Chicago Skyway	34,790	37,544	42,373	16,915	12,752
Total Business-type Activities	<u>1,214,923</u>	<u>1,266,092</u>	<u>1,259,129</u>	<u>1,339,620</u>	<u>1,352,887</u>
Total Primary Government	<u>\$ 5,885,593</u>	<u>\$ 6,233,983</u>	<u>\$ 6,288,766</u>	<u>\$ 6,650,753</u>	<u>\$ 7,032,501</u>

NOTE:

Employee Pensions and Other have been reclassified by function.

Table 2 - Continued
CITY OF CHICAGO
CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING
Last Five Fiscal Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	2002	2003	2004	2005	2006
Program Revenues					
Governmental Activities:					
Licenses, Permits, Fines and Charges for Services:					
General Government	\$ 337,809	\$ 350,643	\$ 362,973	\$ 363,196	\$ 385,082
Public Safety	91,392	99,907	112,721	120,853	151,835
Streets and Sanitation	26,937	24,420	31,494	36,980	36,058
Transportation	14,216	21,697	23,589	23,260	10,224
Health	3,135	6,083	12,333	4,165	5,529
Cultural and Recreational	18,977	20,217	21,423	24,288	23,127
Other	-	-	-	1	-
Operating Grants and Contributions	710,906	680,939	649,066	637,654	659,279
Capital Grants and Contributions	352,189	236,676	173,529	133,673	142,705
Total Governmental Activities	1,555,561	1,440,582	1,387,128	1,344,070	1,413,839
Business-type Activities:					
Licenses, Permits, Fines and Charges for Services:					
Water	315,458	317,455	327,514	344,267	330,439
Sewer	141,330	142,373	144,988	143,522	136,437
Chicago Midway International Airport	89,858	78,973	85,608	92,228	105,570
Chicago-O'Hare International Airport	451,046	481,957	442,569	532,877	545,916
Chicago Skyway	43,232	39,770	41,191	1,896	-
Capital Grants and Contributions	194,922	179,626	210,915	228,467	273,320
Total Business-type activities and Program Revenues	1,235,846	1,240,154	1,252,785	1,343,257	1,391,682
Total Primary Government Program Revenues	\$ 2,791,407	\$ 2,680,736	\$ 2,639,913	\$ 2,687,327	\$ 2,805,521
Net (Expenses)/Revenues					
Governmental Activities	\$ (3,115,109)	\$ (3,527,309)	\$ (3,642,509)	\$ (3,967,063)	\$ (4,265,775)
Business-type Activities	20,923	(25,938)	(6,344)	3,637	38,795
Total Primary Government Net Expense	\$ (3,094,186)	\$ (3,553,247)	\$ (3,648,853)	\$ (3,963,426)	\$ (4,226,980)

Table 2 - Concluded
CITY OF CHICAGO
CHANGES IN NET ASSETS - ACCRUAL BASIS OF ACCOUNTING
Last Five Fiscal Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	2002	2003	2004	2005	2006
General Revenues and Other					
Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Tax	\$ 692,867	\$ 706,666	\$ 693,411	\$ 696,085	\$ 700,636
Utility Tax	488,419	512,567	504,800	539,325	522,089
Sales Tax	190,462	187,152	203,251	248,807	288,052
Transportation Tax	322,811	330,926	322,018	337,993	337,780
Transaction Tax	232,168	242,212	278,584	325,227	339,020
Special Area Tax	150,077	277,401	350,293	386,537	460,940
Other Taxes	162,951	166,671	165,607	205,811	233,620
Grants and Contributions Not					
Restricted to Specific Programs	506,452	498,205	522,951	606,509	654,017
Unrestricted Investment Earnings	52,377	24,414	27,377	80,728	148,631
Transfers	27,662	-	96,000	1,236,099	2,000
Miscellaneous	74,187	98,474	135,400	89,825	51,774
Total Governmental Activities	<u>2,900,433</u>	<u>3,044,688</u>	<u>3,299,692</u>	<u>4,752,946</u>	<u>3,738,559</u>
Business-type Activities:					
Investment Earnings	42,094	28,093	27,109	57,916	97,556
Miscellaneous	6,132	1,248	5,669	(34,720)	27,383
Transfers	(27,662)	-	(96,000)	(1,236,099)	(2,000)
Total Business-type Activities	<u>20,564</u>	<u>29,341</u>	<u>(63,222)</u>	<u>(1,212,903)</u>	<u>122,939</u>
Total Primary Government	<u><u>2,920,997</u></u>	<u><u>3,074,029</u></u>	<u><u>3,236,470</u></u>	<u><u>3,540,043</u></u>	<u><u>3,861,498</u></u>
Change in Net Assets					
Governmental Activities	(214,676)	(482,621)	(342,817)	785,883	(527,216)
Business-type Activities	41,487	3,403	(69,566)	(1,209,266)	161,734
Total Primary Government	<u>\$ (173,189)</u>	<u>\$ (479,218)</u>	<u>\$ (412,383)</u>	<u>\$ (423,383)</u>	<u>\$ (365,482)</u>

Table 3
CITY OF CHICAGO, ILLINOIS
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
Last Ten Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	1997	Percent of Total	1998	Percent of Total	1999	Percent of Total
Revenues:						
Property Tax	\$ 650,014	17.9 %	\$ 677,426	18.1 %	\$ 642,692	16.6 %
Utility Tax	421,580	11.6	440,178	11.7	456,011	11.8
Sales Tax	364,788	10.0	384,056	10.2	408,842	10.6
Transportation Tax	265,443	7.3	272,246	7.3	277,554	7.2
State Income Tax	279,309	7.7	300,088	8.0	303,431	7.9
Transaction Tax	157,147	4.3	174,039	4.6	187,871	4.9
Special Area Tax	52,710	1.5	63,034	1.7	80,417	2.1
Other Taxes	159,333	4.4	163,674	4.4	160,706	4.2
Total Taxes	2,350,324	64.7	2,474,741	66.0	2,517,524	65.3
Federal/State Grants	650,797	17.9	608,433	16.2	632,835	16.4
Internal Service	269,170	7.4	263,231	7.0	261,056	6.8
Licenses and Permits	54,570	1.5	58,418	1.6	64,464	1.7
Fines	108,592	3.0	114,824	3.1	110,039	2.9
Investment Income	70,257	1.9	86,376	2.3	89,762	2.3
Charges for Services	103,295	2.8	101,655	2.7	93,723	2.4
Miscellaneous	24,472	0.7	40,053	1.1	86,788	2.2
Total Revenues	<u>\$ 3,631,477</u>	<u>100.0 %</u>	<u>\$ 3,747,731</u>	<u>100.0 %</u>	<u>\$ 3,856,191</u>	<u>100.0 %</u>
	2004	Percent of Total	2005	Percent of Total	2006	Percent of Total
Revenues:						
Property Tax	\$ 651,950	14.0 %	\$ 739,419	14.6 %	\$ 665,990	12.8 %
Utility Tax	504,800	10.9	539,325	10.6	522,089	10.0
Sales Tax	441,579	9.5	499,228	9.8	559,156	10.7
Transportation Tax	322,018	6.9	337,993	6.7	337,780	6.5
State Income Tax	282,676	6.1	354,022	7.0	380,111	7.3
Transaction Tax	278,584	6.0	325,227	6.4	339,020	6.5
Special Area Tax	284,127	6.1	346,580	6.8	374,342	7.2
Other Taxes	165,607	3.6	205,811	4.1	233,620	4.5
Total Taxes	2,931,341	63.1	3,347,605	66.0	3,412,108	65.5
Federal/State Grants	852,050	18.3	806,472	15.9	823,504	15.8
Internal Service	293,339	6.3	273,516	5.4	275,191	5.3
Licenses and Permits	104,627	2.3	120,904	2.4	117,689	2.3
Fines	202,536	4.4	210,850	4.2	221,819	4.3
Investment Income	27,377	0.6	80,728	1.6	148,631	2.8
Charges for Services	150,879	3.2	131,139	2.6	155,215	3.0
Miscellaneous	81,645	1.8	97,093	1.9	51,774	1.0
Total Revenues	<u>\$ 4,643,794</u>	<u>100.0 %</u>	<u>\$ 5,068,307</u>	<u>100.0 %</u>	<u>5,205,931</u>	<u>100.0 %</u>

NOTE:

(1) Includes General, Special Revenue, Permanent, Debt Service and Capital Project Funds.

2000	Percent of Total	2001	Percent of Total	2002	Percent of Total	2003	Percent of Total
\$ 664,007	15.7 %	\$ 641,351	14.5 %	\$ 662,919	14.3 %	\$ 729,458	15.5 %
482,610	11.4	503,971	11.4	488,419	10.5	512,567	10.9
436,320	10.3	430,637	9.7	419,491	9.0	414,425	8.8
319,214	7.6	309,502	7.0	322,811	7.0	330,926	7.0
336,011	7.9	314,581	7.1	273,535	5.9	266,512	5.7
200,804	4.7	216,550	4.9	232,168	5.0	242,212	5.2
97,510	2.3	128,108	2.9	145,365	3.1	222,263	4.7
169,340	4.0	163,492	3.7	162,951	3.5	166,671	3.6
<u>2,705,816</u>	<u>64.0</u>	<u>2,708,192</u>	<u>61.2</u>	<u>2,707,659</u>	<u>58.3</u>	<u>2,885,034</u>	<u>61.4</u>
738,055	17.4	914,844	20.7	1,088,585	23.5	965,885	20.5
282,458	6.7	307,627	7.0	339,761	7.3	324,745	6.9
70,269	1.6	82,044	1.8	83,148	1.8	96,678	2.1
134,259	3.2	150,525	3.4	181,711	3.9	192,746	4.1
121,760	2.9	96,252	2.2	52,377	1.1	24,414	0.5
109,703	2.6	103,977	2.3	116,581	2.5	120,376	2.6
70,409	1.6	62,816	1.4	74,128	1.6	90,375	1.9
<u>\$ 4,232,729</u>	<u>100.0 %</u>	<u>\$ 4,426,277</u>	<u>100.0 %</u>	<u>\$ 4,643,950</u>	<u>100.0 %</u>	<u>\$ 4,700,253</u>	<u>100.0 %</u>

REVENUE SOURCES

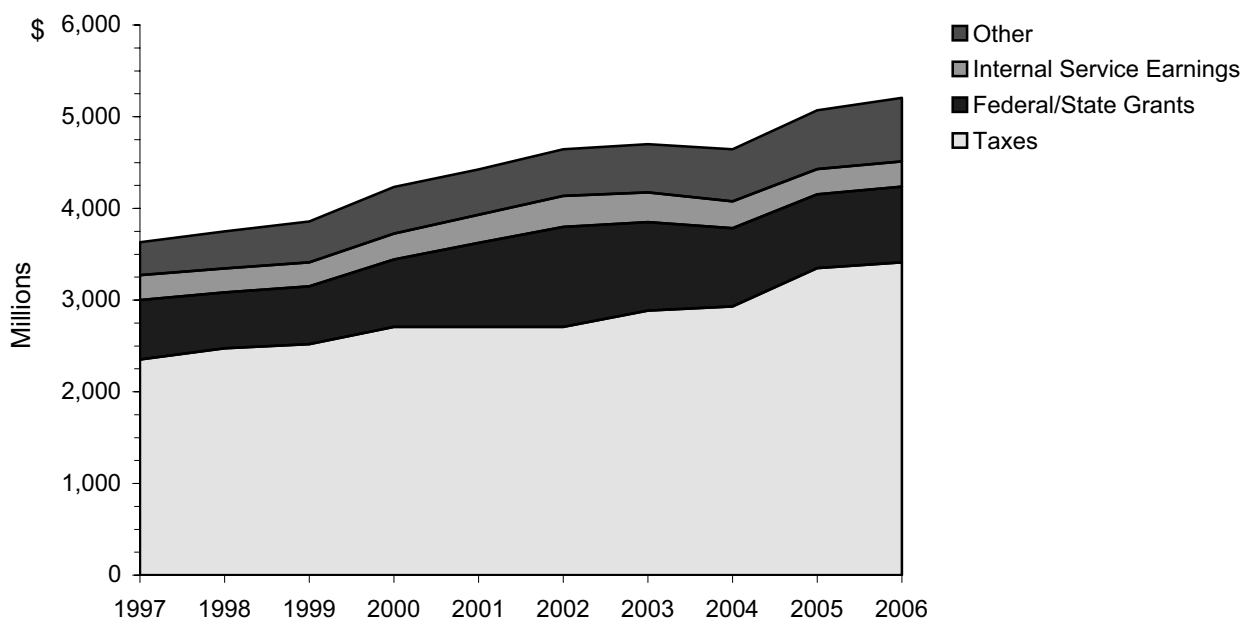


Table 4
CITY OF CHICAGO, ILLINOIS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	1997	Percent of Total	1998	Percent of Total	1999	Percent of Total
Expenditures:						
Current:						
Public Safety	\$ 1,225,165	29.5 %	\$ 1,283,192	29.5 %	\$ 1,362,215	29.1 %
General Government	1,050,368	25.3	1,088,252	25.0	1,172,273	25.0
Employee Pensions	319,692	7.7	347,826	8.0	329,034	7.0
Streets and Sanitation	297,015	7.2	308,697	7.1	345,177	7.4
Transportation	238,320	5.7	221,009	5.1	208,034	4.4
Health	113,431	2.7	119,271	2.7	116,678	2.5
Cultural and Recreational	79,878	1.9	77,956	1.8	81,618	1.7
Other	17,250	0.4	5,542	0.1	11,082	0.2
Capital Outlay	313,661	7.6	435,585	10.0	577,135	12.3
Debt Service:						
Principal Retirement	350,257	8.4	305,542	7.0	303,597	6.5
Interest and Other Fiscal Charges	150,688	3.6	161,806	3.7	183,041	3.9
Total Expenditures	<u>\$ 4,155,725</u>	<u>100.0 %</u>	<u>\$ 4,354,678</u>	<u>100.0 %</u>	<u>\$ 4,689,884</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2)						
	2004	Percent of Total	2005	Percent of Total	2006	Percent of Total
Expenditures:						
Current:						
Public Safety	\$ 1,579,014	29.5 %	\$ 1,611,923	28.0 %	\$ 1,851,356	29.5 %
General Government	1,358,469	25.4	1,620,307	28.2	1,523,482	24.3
Employee Pensions	299,810	5.6	388,053	6.7	396,923	6.3
Streets and Sanitation	353,020	6.6	339,760	5.9	353,828	5.6
Transportation	308,535	5.8	221,377	3.8	244,381	3.9
Health	179,531	3.3	166,580	2.9	173,594	2.8
Cultural and Recreational	77,661	1.5	95,153	1.7	99,841	1.6
Other	10,191	0.2	9,382	0.1	9,112	0.1
Capital Outlay	563,975	10.5	452,284	7.9	915,311	14.6
Debt Service:						
Principal Retirement	303,755	5.7	543,413	9.5	375,028	6.0
Interest and Other Fiscal Charges	315,916	5.9	301,662	5.3	331,507	5.3
Total Expenditures	<u>\$ 5,349,877</u>	<u>100.0 %</u>	<u>\$ 5,749,894</u>	<u>100.0 %</u>	<u>\$ 6,274,363</u>	<u>100.0 %</u>
Debt Service as a Percentage of Non Capital Expenditures (2)						
		<u>12.7 %</u>		<u>15.8 %</u>		<u>12.9 %</u>

NOTES:

(1) Includes General, Special Revenue, Debt Service and Capital Project Funds.

(2) Non Capital Expenditures include all expenditures except Capital Outlay and Capital Expenditures included with Transportation.

2000	Percent of Total	2001	Percent of Total	2002	Percent of Total	2003	Percent of Total
\$ 1,385,262	27.7 %	\$ 1,426,100	27.6 %	\$ 1,464,970	26.2 %	\$ 1,594,333	28.0 %
1,251,368	25.1	1,305,306	25.3	1,399,128	25.0	1,474,984	25.9
328,353	6.6	339,379	6.6	328,518	5.9	354,819	6.2
340,418	6.8	359,420	6.9	357,924	6.4	356,512	6.3
252,283	5.0	401,289	7.8	467,902	8.4	421,665	7.4
145,979	2.9	163,405	3.2	177,993	3.2	174,412	3.0
87,774	1.8	88,659	1.7	83,509	1.5	81,637	1.4
20,645	0.4	11,883	0.2	10,388	0.2	10,684	0.2
675,067	13.5	527,171	10.2	758,356	13.6	564,519	9.9
287,468	5.8	292,980	5.7	285,688	5.1	396,748	7.0
219,955	4.4	248,768	4.8	251,162	4.5	267,734	4.7
<u>\$ 4,994,572</u>	<u>100.0 %</u>	<u>\$ 5,164,360</u>	<u>100.0 %</u>	<u>\$ 5,585,538</u>	<u>100.0 %</u>	<u>\$ 5,698,047</u>	<u>100.0 %</u>
							<u>12.8 %</u>

EXPENDITURES BY FUNCTION

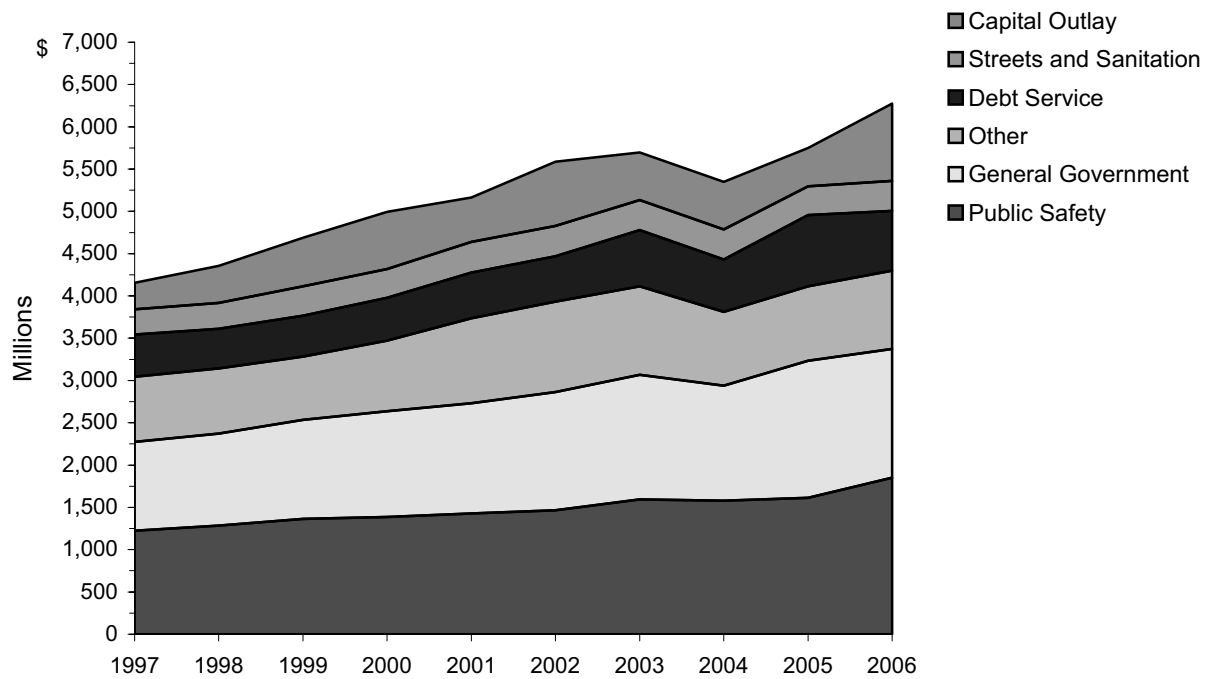


Table 5
CITY OF CHICAGO, ILLINOIS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years Ended December 31, 2006
(Amounts Are in Thousands of Dollars)
(Modified Accrual Basis of Accounting)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund:				
Reserved	\$ 72,507	\$ 62,181	\$ 71,077	\$ 85,744
Unreserved	<u>164,440</u>	<u>177,254</u>	<u>108,107</u>	<u>80,653</u>
Total General Fund	236,947	239,435	179,184	166,397
Other Governmental Funds:				
Reserved	298,304	372,070	498,734	439,737
Unreserved, Reported in:				
Special Revenue Funds	139,276	84,069	47,327	84,981
Capital Projects Funds	529,806	613,251	773,294	974,231
Permanent Fund (1)	-	-	-	-
Total All Other Governmental Funds	<u>967,386</u>	<u>1,069,390</u>	<u>1,319,355</u>	<u>1,498,949</u>
Total Governmental Funds	<u>\$ 1,204,333</u>	<u>\$ 1,308,825</u>	<u>\$ 1,498,539</u>	<u>\$ 1,665,346</u>

NOTES:

(1) This balance represents the Reserve Fund, Unreserved. Designated for future Appropriations balance.

2001	2002	2003	2004	2005	2006
\$ 113,208	\$ 124,447	\$ 40,897	\$ 30,981	\$ 53,171	\$ 35,557
33,241	13,014	19,458	42,246	57,648	26,834
<u>146,449</u>	<u>137,461</u>	<u>60,355</u>	<u>73,227</u>	<u>110,819</u>	<u>62,391</u>
477,172	453,902	481,563	488,985	1,350,927	800,546
127,474	109,027	200,175	294,690	525,769	723,353
1,122,892	1,039,993	1,149,095	999,816	832,129	696,630
-	-	-	-	274,272	231,017
<u>1,727,538</u>	<u>1,602,922</u>	<u>1,830,833</u>	<u>1,783,491</u>	<u>2,983,097</u>	<u>2,451,546</u>
<u>\$ 1,873,987</u>	<u>\$ 1,740,383</u>	<u>\$ 1,891,188</u>	<u>\$ 1,856,718</u>	<u>\$ 3,093,916</u>	<u>\$ 2,513,937</u>

Table 6
CITY OF CHICAGO, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	2002 (3)	2003 (4)	2004 (4)	2005 (4)	2006 (4)
Revenues:					
Utility Tax	\$ 441,586	\$ 467,735	\$ 460,596	\$ 492,109	\$ 475,482
Sales Tax	397,135	385,891	412,909	471,069	537,441
State Income Tax	227,817	214,413	258,378	307,462	314,559
Other Taxes	520,812	532,874	570,002	669,041	708,706
Federal/State Grants	3,888	4,420	1,947	2,066	2,802
Other Revenues (1)	664,209	717,387	698,168	722,366	729,999
Total Revenues	<u>2,255,447</u>	<u>2,322,720</u>	<u>2,402,000</u>	<u>2,664,113</u>	<u>2,768,989</u>
Expenditures:					
Current:					
Public Safety	1,420,298	1,566,645	1,540,686	1,546,359	1,783,993
General Government	665,647	754,807	692,090	884,040	783,059
Other (2)	345,356	329,541	323,410	301,466	328,081
Debt Service	11,495	10,109	11,472	7,705	7,069
Total Expenditures	<u>2,442,796</u>	<u>2,661,102</u>	<u>2,567,658</u>	<u>2,739,570</u>	<u>2,902,202</u>
Revenues Under Expenditures	<u>(187,349)</u>	<u>(338,382)</u>	<u>(165,658)</u>	<u>(75,457)</u>	<u>(133,213)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original					
Discount/Including Premium	75,529	194,292	87,465	15,050	-
Transfers In	107,547	67,487	92,666	118,244	115,058
Transfers Out	-	-	-	(17,100)	(30,500)
Total Other Financing Sources (Uses) ..	<u>183,076</u>	<u>261,779</u>	<u>180,131</u>	<u>116,194</u>	<u>84,558</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,273)	(76,603)	14,473	40,737	(48,655)
Fund Balance - Beginning of Year	146,449	137,461	60,355	73,227	110,819
Change in Inventory	<u>(4,715)</u>	<u>(503)</u>	<u>(1,601)</u>	<u>(3,145)</u>	<u>227</u>
Fund Balance - End of Year	<u>\$ 137,461</u>	<u>\$ 60,355</u>	<u>\$ 73,227</u>	<u>\$ 110,819</u>	<u>\$ 62,391</u>

NOTES:

- (1) Includes Internal Service, Licenses and Permits, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2002.
- (4) Source: City of Chicago Basic Financial Statements for years ended December 31, 2003-2006.

Table 7
CITY OF CHICAGO, ILLINOIS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	2002 (3)	2003 (4)	2004 (4)	2005 (4)	2006 (4)
Revenues:					
Property Tax	\$ 280,773	\$ 301,943	\$ 265,026	\$ 310,543	\$ 302,772
Utility Tax	31,916	28,503	33,559	31,675	24,299
Sales Tax	323	256	126	93	76
State Income Tax	45,718	52,099	24,298	46,560	65,552
Other Taxes	241,644	272,635	299,498	334,580	382,232
Federal/State Grants	1,084,697	961,465	850,103	804,406	820,702
Other Revenues (1)	113,898	90,905	98,869	107,150	115,023
Total Revenues	<u>1,798,969</u>	<u>1,707,806</u>	<u>1,571,479</u>	<u>1,635,007</u>	<u>1,710,656</u>
Expenditures:					
Current:					
Public Safety	44,672	27,688	38,328	65,564	67,363
General Government	733,481	720,177	666,379	736,267	740,423
Employee Pensions	328,518	354,819	299,810	388,053	396,923
Other (2)	752,360	715,369	605,528	530,786	552,675
Capital Outlay	6,503	6,591	4,137	16,513	8,110
Debt Service	3,536	4,170	4,557	80,129	6,356
Total Expenditures	<u>1,869,070</u>	<u>1,828,814</u>	<u>1,618,739</u>	<u>1,817,312</u>	<u>1,771,850</u>
Revenues Under Expenditures	<u>(70,101)</u>	<u>(121,008)</u>	<u>(47,260)</u>	<u>(182,305)</u>	<u>(61,194)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original					
Discount/Including Premium	80,992	173,457	84,990	104,750	79,250
Payment to Refunded Bond Escrow Agent ...	-	-	-	(134,148)	-
Transfers In	24,599	65,902	77,469	521,879	193,850
Transfers Out	(50,608)	(31,990)	(21,948)	(55,168)	(38,177)
Total Other Financing Sources (Uses)	<u>54,983</u>	<u>207,369</u>	<u>140,511</u>	<u>437,313</u>	<u>234,923</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,118)	86,361	93,251	255,008	173,729
Fund Balance - Beginning of Year	<u>189,617</u>	<u>174,499</u>	<u>260,860</u>	<u>354,111</u>	<u>609,119</u>
Fund Balance - End of Year	<u>\$ 174,499</u>	<u>\$ 260,860</u>	<u>\$ 354,111</u>	<u>\$ 609,119</u>	<u>\$ 782,848</u>

NOTES:

- (1) Includes Internal Service, Fines, Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational and Other Expenditures.
- (3) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2002.
- (4) Source: Major (Federal, State and Local Grants) and Nonmajor Special Revenue Funds for years ended December 31, 2003-2006.

Table 8
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	2002 (2)	2003 (3)	2004 (3)	2005 (3)	2006 (3)
Revenues:					
Property Tax	\$ 382,146	\$ 427,515	\$ 386,924	\$ 428,876	\$ 363,218
Utility Tax	14,917	16,329	10,645	15,541	22,308
Sales Tax	22,033	28,278	28,544	28,066	21,639
Other Taxes	100,839	156,563	180,836	211,990	193,824
Other Revenues (1)	5,246	2,396	7,222	32,522	33,368
Total Revenues	<u>525,181</u>	<u>631,081</u>	<u>614,171</u>	<u>716,995</u>	<u>634,357</u>
Expenditures:					
Debt Service	521,819	650,203	603,642	757,241	693,110
Total Expenditures	<u>521,819</u>	<u>650,203</u>	<u>603,642</u>	<u>757,241</u>	<u>693,110</u>
Revenues Over (Under) Expenditures	<u>3,362</u>	<u>(19,122)</u>	<u>10,529</u>	<u>(40,246)</u>	<u>(58,753)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium	154,988	310,081	178,694	1,513,417	302,658
Payment to Refunded Bond Escrow Agent	(132,289)	(173,725)	(143,143)	(1,051,917)	(276,607)
Transfers In	4,951	22,671	7,723	2,107	8,741
Transfers Out	(27,993)	(63,574)	(45,762)	(93,246)	(509,884)
Total Other Financing Sources (Uses)	<u>(343)</u>	<u>95,453</u>	<u>(2,488)</u>	<u>370,361</u>	<u>(475,092)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,019	76,331	8,041	330,115	(533,845)
Fund Balance - Beginning of Year	<u>271,381</u>	<u>274,400</u>	<u>350,731</u>	<u>358,772</u>	<u>688,887</u>
Fund Balance - End of Year	<u>\$ 274,400</u>	<u>\$ 350,731</u>	<u>\$ 358,772</u>	<u>\$ 688,887</u>	<u>\$ 155,042</u>

NOTES:

- (1) Includes Investment Income and Miscellaneous Revenues.
- (2) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2002.
- (3) Source: Major (Bond, Note Redemption and Interest) and Nonmajor (Special Taxing Areas) Debt Service Funds for years ended December 31, 2003-2006.

Table 9
CITY OF CHICAGO, ILLINOIS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Five Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	<u>2002 (2)</u>	<u>2003 (3)</u>	<u>2004 (3)</u>	<u>2005 (3)</u>	<u>2006 (3)</u>
Revenues:					
Other Revenues (1)	\$ 64,353	\$ 38,646	\$ 56,144	\$ 34,676	\$ 56,687
Total Revenues	<u>64,353</u>	<u>38,646</u>	<u>56,144</u>	<u>34,676</u>	<u>56,687</u>
Expenditures:					
Capital Outlay	751,853	557,928	559,838	435,771	907,201
Total Expenditures	<u>751,853</u>	<u>557,928</u>	<u>559,838</u>	<u>435,771</u>	<u>907,201</u>
Revenues Under Expenditures	<u>(687,500)</u>	<u>(519,282)</u>	<u>(503,694)</u>	<u>(401,095)</u>	<u>(850,514)</u>
Other Financing Sources (Uses):					
Issuance of Debt, Net of Original Discount/Including Premium	605,817	644,997	369,208	238,679	380,925
Transfers In	1,785	10,738	22,922	2,627	352,386
Transfers Out	(32,619)	(71,234)	(37,070)	-	(10,977)
Total Other Financing Sources (Uses) ..	<u>574,983</u>	<u>584,501</u>	<u>355,060</u>	<u>241,306</u>	<u>722,334</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(112,517)	65,219	(148,634)	(159,789)	(128,180)
Fund Balance - Beginning of Year	<u>1,266,540</u>	<u>1,154,023</u>	<u>1,219,242</u>	<u>1,070,608</u>	<u>910,819</u>
Fund Balance - End of Year	<u>\$ 1,154,023</u>	<u>\$ 1,219,242</u>	<u>\$ 1,070,608</u>	<u>\$ 910,819</u>	<u>\$ 782,639</u>

NOTES:

- (1) Includes Investment Income, Charges for Services and Miscellaneous Revenues.
- (2) Source: City of Chicago General Purpose Financial Statements for year ended December 31, 2002.
- (3) Source: Major (Community Development and Improvement Projects) and Nonmajor (Capital Projects Funds) for years ended December 31, 2003-2006.

Table 10
CITY OF CHICAGO, ILLINOIS
PROPERTY TAX LEVIES BY FUND (1)
Five Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

	<u>2002</u>	<u>2003</u>	<u>Percent Change</u>
Note Redemption and Interest (2)	\$ 171,886	\$ 179,638	4.51 %
Bond Redemption and Interest	241,549	248,222	2.76
Policemen's Annuity and Benefit (3)	123,069	122,548	(0.42)
Municipal Employees' Annuity and Benefit (3)	117,803	116,087	(1.46)
Firemen's Annuity and Benefit (3)	<u>52,874</u>	<u>53,200</u>	0.62
Total	<u>\$ 707,181</u>	<u>\$ 719,695</u>	1.77

NOTES:

- (1) See Table 11 - PROPERTY TAXES FOR ALL CITY FUNDS, COLLECTIONS AND ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES 1997 - 2006. Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (2) Includes Corporate, Chicago Public Library Maintenance and Operations, Chicago Public Library Building and Sites and City Relief Funds.
- (3) For information regarding the City's unfunded (assets in excess of) pension benefit obligations under its Pensions Plans, see the individual Pension Plans Financial Statements.
- (4) Estimated; actual was not available from Cook County Clerk's Office at time of publication.
- (5) Source: Cook County Clerk's Office.

<u>2004</u>	<u>Percent Change</u>	<u>2005</u>	<u>Percent Change</u>	<u>2006</u>	<u>Percent Change</u>
\$ 138,122	(23.11) %	\$ 81,223	(41.19) %	\$ 59,830	(26.34) %
282,400	13.77	312,780	10.76	310,963	(0.58)
119,826	(2.22)	137,284	14.57	135,528	(1.28)
126,624	9.08	137,412	8.52	137,228	(0.13)
<u>52,808</u>	(0.74)	<u>49,372</u>	(6.51)	<u>69,500</u>	40.77
<u>\$ 719,780</u>	0.01	<u>\$ 718,071</u>	(0.24)	<u>\$ 713,049 (4)</u>	(0.70)

Table 11
CITY OF CHICAGO, ILLINOIS
PROPERTY LEVIES, COLLECTIONS AND
ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE TAXES
Last Ten Years Ended December 31, 2006
(Amounts are in Thousands of Dollars)

Tax Year (1)	Total Tax Levy for Fiscal Year (2)	Collected Within Fiscal Year		Collections in Subsequent Years	Total Collections to Date		Estimated Allowance for Uncollectible Taxes	Net Outstanding Taxes Receivable
		Amount	Percen- tage of Levy		Amount	Percen- tage of Levy		
1997	\$ 675,198	\$ 647,482	95.90 %	\$ 7,487	\$ 654,969	97.00 %	\$ 20,229	\$ -
1998	678,260	631,009	93.03	31,331	662,340	97.65	15,920	-
1999	657,731	638,228	97.03	9,049	647,277	98.41	10,454	-
2000	672,104	646,409	96.18	11,324	657,733	97.86	14,371	-
2001	687,381	664,393	96.66	14,911	679,304	98.82	8,077	-
2002	707,181 (3)	676,997	95.73	15,924	692,921	97.98	14,260	-
2003	719,695 (3)	674,325	93.70	35,370	709,695	98.61	9,820	180
2004	719,780 (3)	694,214	96.45	21,257	715,471	99.40	4,223	86
2005	718,071 (3)	694,593	96.73	-	694,593	96.73	21,537	1,941
2006	713,049 (3), (4)	-	N/A	-	-	N/A	35,652	677,397
Total Net Outstanding Taxes Receivable								<u>\$ 679,604</u>

NOTES:

- (1) Taxes for each year become due and payable in the following year. For example, taxes for the 2006 tax levy become due and payable in 2007.
- (2) Does not include levy for Special Service Areas and Tax Increment Projects.
- (3) Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.
- (4) Estimate; actual was not available from Cook County Clerk's Office at time of publication.

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Table 12
CITY OF CHICAGO, ILLINOIS
TOP TEN ESTIMATED EQUALIZED ASSESSED VALUATION (EAV)
Last Ten Years
(Amounts are in Thousands of Dollars)

Property	1996 EAV	Percent- tage of Total EAV	1997 EAV	Percent- tage of Total EAV	1998 EAV	Percent- tage of Total EAV
Sears Tower	\$ 270,912	0.88 %	\$ 291,617	0.87 %	\$ 301,946	0.89 %
Amoco Building	198,742	0.65	212,586	0.64	219,911	0.65
One First National Plaza	182,062	0.59	183,285	0.55	185,929	0.55
AON Building	-		-		-	
Chicago Mercantile Exchange	181,902	0.59	199,582	0.60	202,462	0.60
Prudential Plaza	145,282	0.47	161,832	0.49	164,167	0.48
AT&T Corporate Center 1	148,715	0.48	157,286	0.47	159,555	0.47
Lakeside Tech. Center	-		-		-	
Bank One Plaza	-		-		-	
Citicorp Plaza	120,262	0.39	128,484	0.39	130,727	0.38
Three First National Plaza	130,550	0.43	129,100	0.39	130,962	0.39
900 North Michigan	129,449	0.42	123,974	0.37	111,904	0.33
Leo Burnett Building	-		-		-	
Northwestern Atrium	-		-		-	
Chase Plaza	-		-		-	
Water Tower Place	-		-		-	
Hyatt Regency Hotel	123,091	0.40	128,846	0.39	116,617	0.34
Totals	<u>\$ 1,630,967</u>	<u>5.30 %</u>	<u>\$ 1,716,592</u>	<u>5.16 %</u>	<u>\$ 1,724,180</u>	<u>5.08 %</u>

Property	2003 EAV	Percent- tage of Total EAV	2004 EAV	Percent- tage of Total EAV	2005 EAV	Percent- tage of Total EAV
Sears Tower	\$ 467,362	0.88 %	\$ 489,383	0.89 %	\$ 517,080	0.87 %
AON Building	307,715	0.58	322,214	0.58	341,767	0.58
Chicago Mercantile Exchange	307,093	0.58	321,563	0.58	341,075	0.58
Prudential Plaza	266,448	0.50	279,002	0.50	266,387	0.45
AT&T Corporate Center 1	241,765	0.45	253,165	0.46	268,519	0.45
Lakeside Tech. Center	-		-		-	
Bank One Plaza	233,214	0.44	-		-	
Citicorp Plaza	185,229	0.35	193,557	0.35	196,662	0.33
Three First National Plaza	171,375	0.32	179,451	0.32	173,646	0.29
Leo Burnett Building	169,465	0.32	177,450	0.32	188,219	0.32
Northwestern Atrium	164,935	0.31	-		-	
Chase Plaza	-		244,202	0.44	210,013	0.35
Water Tower Place	-		172,700	0.31	183,187	0.31
Hyatt Regency Hotel	-		-		-	
Totals	<u>\$ 2,514,601</u>	<u>4.73 %</u>	<u>\$ 2,632,687</u>	<u>4.75 %</u>	<u>\$ 2,686,555</u>	<u>4.53 %</u>

1999 EAV	Percent- tage of Total EAV	2000 EAV	Percent- tage of Total EAV	2001 EAV	Percent- tage of Total EAV	2002 EAV	Percent- tage of Total EAV
\$ 318,983	0.90 %	\$ 395,636	0.98 %	\$ 404,146	0.96 %	\$ 417,723	0.93 %
-		-		-		-	
-		-		-		-	
227,033	0.64	255,702	0.63	265,627	0.63	283,924	0.63
209,019	0.59	234,430	0.58	243,259	0.58	260,304	0.58
169,484	0.48	207,991	0.51	216,064	0.51	230,947	0.51
164,722	0.47	202,096	0.50	209,940	0.50	196,455	0.44
-		-		-		160,564	0.36
191,951	0.54	207,203	0.51	215,245	0.51	230,071	0.51
134,961	0.38	145,476	0.36	145,755	0.35	155,795	0.35
135,204	0.38	135,485	0.33	136,278	0.32	-	
111,557	0.32	-		-		-	
-		-		-		-	
-		140,309	0.35	140,744	0.34	150,438	0.33
-		-		-		-	
-		-		-		-	
114,266	0.32	139,957	0.35	138,687	0.33	148,240	0.32
<u>\$ 1,777,180</u>	<u>5.02 %</u>	<u>\$ 2,064,285</u>	<u>5.10 %</u>	<u>\$ 2,115,745</u>	<u>5.03 %</u>	<u>2,234,461</u>	<u>4.96 %</u>

NOTES:

- (1) Source: Cook County Treasurer's Office, Cook County Assessor's Office.
(2) 2006 information not available at time of publication.

Table 13
CITY OF CHICAGO, ILLINOIS
ASSESSED AND ESTIMATED FAIR MARKET VALUE OF ALL TAXABLE PROPERTY
Last Ten Years
(Amounts are in Thousands of Dollars)

Tax Year	Assessed Values (1)				
	Class 2 (2)	Class 3 (3)	Class 5 (4)	Other (5)	Total
1996	\$ 5,843,068	\$ 1,930,178	\$ 7,338,644	\$ 255,507	\$ 15,367,397
1997	6,554,716	2,077,043	7,809,485	357,517	16,798,761
1998	6,646,198	2,047,577	7,848,335	267,007	16,809,117
1999	6,777,400	2,021,411	7,910,838	282,255	16,991,904
2000	8,758,682	1,966,921	8,807,444	342,943	19,875,990
2001	8,973,796	1,923,256	8,757,366	354,036	20,008,454
2002	9,221,622	1,865,646	8,878,142	349,372	20,314,782
2003	12,677,199	2,233,572	10,303,732	487,680	25,702,183
2004	12,988,216	1,883,048	10,401,429	465,462	25,738,154
2005 (9)	13,420,538	1,842,613	10,502,698	462,099	26,227,948

NOTES:

- (1) Source: Cook County Assessor's Office. Excludes portion of City in DuPage County.
- (2) Residential, 6 units and under.
- (3) Residential, 7 units and over and mixed use.
- (4) Industrial/Commercial.
- (5) Vacant, not-for-profit and industrial/commercial incentive classes. Includes railroad and farm property.
- (6) Source: Illinois Department of Revenue.
- (7) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and net of exemptions. Calculations also include assessment of pollution control facilities.
- (8) Source: The Civic Federation. Excludes railroad property and portion of City in DuPage County.
- (9) 2006 information not available at time of publication.
- (10) 2005 information not available at time of publication.

State Equalization Factor (6)	Total Equalized Assessed Value (7)	Total Direct Tax Rate	Total Estimated Fair Market Value (8)	Ratio of Total Equalized Assessed to Total Estimated Fair Market Value (9)
2.1517	\$ 30,765,001	\$ 2.182	\$ 106,622,485	28.85 %
2.1489	33,349,557	2.024	111,679,906	29.86
2.1799	33,940,146	1.998	122,726,446	27.66
2.2505	35,354,802	1.860	135,522,333	26.09
2.2235	40,480,077	1.660	162,593,364	24.90
2.3098	41,981,912	1.637	185,912,246	22.58
2.4689	45,330,892	1.591	201,938,231	22.45
2.4598	53,168,632	1.380	223,572,427	23.78
2.5757	55,277,096	1.302	262,080,627	21.09
2.7320	59,304,530	1.243	N/A (10)	N/A (10)

EQUALIZED ASSESSED VALUE

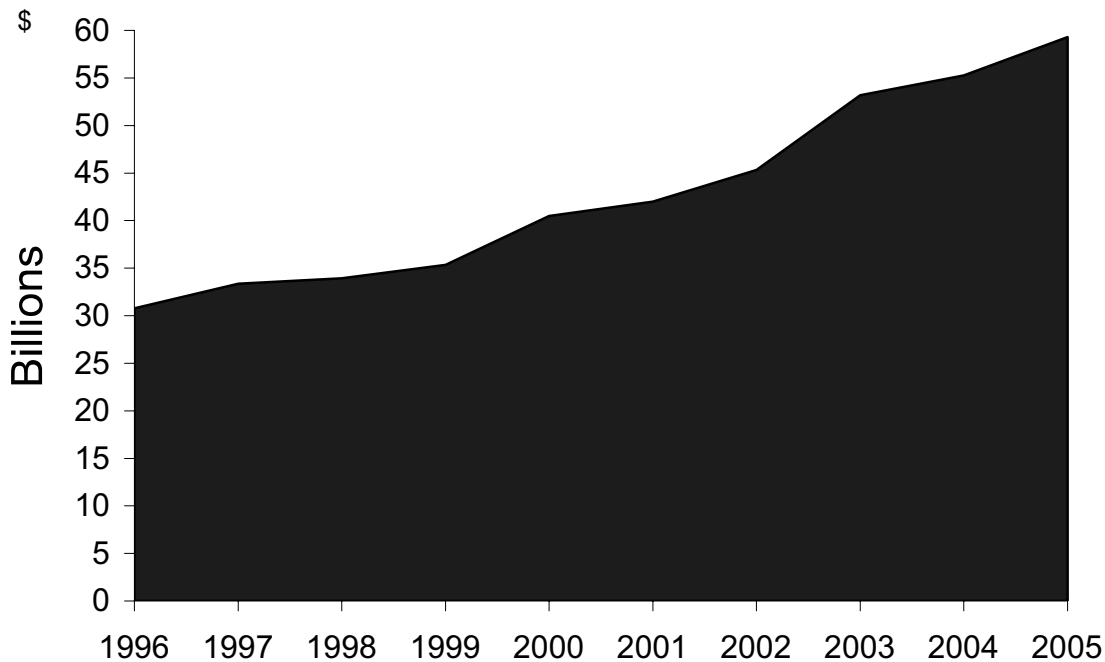


Table 14
CITY OF CHICAGO, ILLINOIS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Per \$100 OF EQUALIZED ASSESSED VALUATION
Last Ten Years

Tax Year	City	Chicago School Finance Authority	Board of Education	Community College District No. 508
1996	\$ 2.182	\$ 0.291	\$ 4.327	\$ 0.377
1997	2.024	0.270	4.084	0.356
1998	1.998	0.268	4.172	0.354
1999	1.860	0.255	4.104	0.347
2000	1.660	0.223	3.714	0.311
2001	1.637	0.223	3.744	0.307
2002	1.591	0.177	3.562	0.280
2003	1.380	0.151	3.142	0.246
2004	1.302	0.177	3.104	0.242
2005 (1)	1.243	0.127	3.026	0.234

NOTE:

(1) 2006 information not available from Cook County Clerk's Office at time of publication.

Table 15
CITY OF CHICAGO, ILLINOIS
PROPERTY TAX RATES - CITY OF CHICAGO
Per \$100 OF EQUALIZED ASSESSED VALUATION
Last Ten Years
(Amounts for Tax Extension are in Thousands of Dollars)

Tax Year	Total City Tax Extension	Bond, Note Redemption and Interest	Chicago Public Library Bond, Note Redemption and Interest	Policemen's Annuity and Benefit
1996	\$ 671,427	\$ 1.069852	\$ 0.195030	\$ 0.298663
1997	675,198	0.932976	0.191594	0.289836
1998	678,260	0.936323	0.185625	0.300551
1999	657,731	0.890001	0.186811	0.314836
2000	672,104	0.819650	0.161302	0.301167
2001	687,381	0.783791	0.158920	0.289912
2002	707,181 (2)	0.804928	0.138133	0.271463
2003	719,695 (2)	0.713397	0.117772	0.230466
2004	719,780 (2)	0.647396	0.113280	0.216752
2005 (1)	718,071 (2)	0.606566	0.090041	0.231467

NOTES:

(1) 2006 information not available at time of publication.

(2) Does not include the levy for the School Building and Improvement Fund which is accounted for in an agency fund.

<u>Chicago Park District</u>	<u>Metropolitan Water Reclamation District</u>	<u>Forest Preserve District of Cook County</u>	<u>Cook County</u>	<u>Total</u>
\$ 0.721	\$ 0.492	\$ 0.074	\$ 0.989	\$ 9.453
0.665	0.451	0.074	0.919	8.843
0.653	0.444	0.072	0.911	8.872
0.627	0.419	0.070	0.854	8.536
0.572	0.415	0.069	0.824	7.788
0.567	0.401	0.067	0.746	7.692
0.545	0.371	0.061	0.690	7.277
0.464	0.361	0.059	0.630	6.433
0.455	0.347	0.060	0.593	6.280
0.443	0.315	0.060	0.533	5.981

<u>Municipal Employees' Annuity and Benefit</u>	<u>Firemen's Annuity and Benefit</u>	<u>Laborers' and Retirement Board Employees' Annuity and Benefit</u>	<u>Public Building Commission</u>	<u>Total</u>
\$ 0.438745	\$ 0.119982	\$ 0.056000	\$ 0.003728	\$ 2.182
0.412152	0.146797	0.050645	—	2.024
0.403014	0.122435	0.050052	—	1.998
0.298024	0.134637	0.035691	—	1.860
0.260291	0.117590	—	—	1.660
0.277774	0.126603	—	—	1.637
0.259848	0.116628	—	—	1.591
0.218316	0.100049	—	—	1.380
0.229048	0.095524	—	—	1.302
0.231683	0.083243	—	—	1.243

Table 16
CITY OF CHICAGO, ILLINOIS
RATIO OF GENERAL NET BONDED DEBT TO EQUALIZED ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
Last Ten Years
(Amounts are in Thousands of Dollars Except Where Noted)

Tax Year	Population (1)	Equalized Assessed Value (2)	G. O. Bonds	G. O. Notes	General Obligation Certificates and Other
1997	2,783,726	\$ 33,349,557	\$ 1,756,600	\$ 393,591	\$ 50,088
1998	2,783,726	33,940,146	1,874,458	424,990	198,297
1999	2,783,726	35,354,802	2,372,227	393,940	243,949
2000	2,896,016	40,480,077	2,916,540	357,199	241,088
2001	2,896,016	41,981,912	3,574,098	293,710	237,928
2002	2,896,016	45,330,892	4,114,093	274,753	234,087
2003	2,896,016	53,168,632	4,555,253	378,733	367,027
2004	2,896,016	55,277,096	4,983,428	226,427	362,592
2005	2,896,016	59,304,530	5,077,434	112,495	344,426
2006	2,896,016	N/A (4)	5,394,802	72,530	322,145

NOTES:

- (1) Source: U.S. Census Bureau.
- (2) Source: Cook County Clerk's Office.
- (3) Gross Bonded Debt includes bonds, notes and capitalized lease obligations that are noncurrent.
- (4) N/A means not available at time of publication.
- (5) Amounts are in dollars.

Table 17
CITY OF CHICAGO, ILLINOIS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT
TO TOTAL GOVERNMENTAL EXPENDITURES
Last Ten Years (Amounts are in Thousands of Dollars)

Year Ended December 31,	Principal	Interest	General Obligation Debt Service Expenditures	Governmental Expenditures	Ratio of Debt Service Expenditures to Governmental Expenditures
1997	\$ 323,242	\$ 137,237	\$ 460,479	\$ 4,155,725	11.1 %
1998	300,712	137,624	438,336	4,354,678	10.1
1999	273,802	137,783	411,585	4,689,884	8.8
2000	254,998	167,881	422,879	4,994,572	8.5
2001	256,695	192,186	448,881	5,164,360	8.7
2002	242,694	203,553	446,247	5,585,538	8.0
2003	331,432	213,063	544,495	5,698,047	9.6
2004	240,327	247,197	487,524	5,349,877	9.1
2005	223,778	242,286	466,064	5,749,894	8.1
2006	201,865	273,190	475,055	6,274,363	7.6

Total Gross Bonded Debt (3)	Less Reserve for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Assessed Value	Net Bonded Debt Per Capita (5)
\$ 2,200,279	\$ 110,228	\$ 2,090,051	6.27 %	\$ 750.81
2,497,745	135,220	2,362,525	6.96	848.69
3,010,116	125,509	2,884,607	8.16	1,036.24
3,514,827	146,584	3,368,243	8.32	1,163.06
4,105,736	125,816	3,979,920	9.48	1,374.27
4,622,933	112,700	4,510,233	9.95	1,557.39
5,301,013	183,347	5,117,666	9.63	1,767.14
5,572,447	135,795	5,436,652	9.84	1,877.29
5,534,355	133,011	5,401,344	9.11	1,865.09
5,789,477	102,951	5,686,526	N/A (4)	1,963.57

Table 18
CITY OF CHICAGO, ILLINOIS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
December 31, 2006
(Amounts are in Thousands of Dollars)

	City of Chicago Direct Debt	Net Direct Long-term Debt (1)	Percentage of Overlapping Bonded Debt (2)	Net Debt Applicable
City of Chicago G. O. Bonds and Notes (Includes Commercial Paper)	\$ 5,467,332			
Add (Deduct):				
General Obligation Tender Notes Series 2006 (3)	<u>(45,100)</u>	\$ 5,422,232	100.00 %	\$ 5,422,232
Board of Education		4,652,371	100.00	4,652,371
Chicago School Finance Authority		187,985	100.00	187,985
Chicago Park District		842,660	100.00	842,660
Community College District No. 508		31,695	100.00	31,695
Cook County		3,022,505	43.14	1,303,909
Cook County Forest Preserve District		109,960	43.14	47,437
Metropolitan Water Reclamation District of Greater Chicago		<u>1,553,597</u>	44.08	<u>684,826</u>
Net Direct and Overlapping Long-term Debt		<u>\$ 15,823,005</u>		<u>\$ 13,173,115</u>

NOTES:

- (1) Source: Amount of Net Direct Debt was obtained from each of the respective taxing bodies.
- (2) Source: The Civic Federation.
- (3) Tender Notes issued and outstanding in 2006 that have a nominal maturity no later than January 31, 2008 are excluded from Net Direct Long-term Debt. All other outstanding Tender Notes are included in Net Direct Long-term debt.

Table 19
CITY OF CHICAGO, ILLINOIS
DEBT STATISTICS
Last Ten Years
(Amounts are in Thousands of Dollars Except Where Noted)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Direct Debt	\$ 1,913,120	\$ 2,088,913	\$ 2,571,412	\$ 3,094,839
Overlapping Debt	<u>4,712,218</u>	<u>4,893,943</u>	<u>5,481,771</u>	<u>5,680,450</u>
Total Debt	<u>\$ 6,625,338</u>	<u>\$ 6,982,856</u>	<u>\$ 8,053,183</u>	<u>\$ 8,775,289</u>
Equalized				
Assessed Valuation (1)	\$ 33,349,557	\$ 33,940,146	\$ 35,354,802	\$ 40,480,077
Direct Debt Burden (2)	6.22%	6.26%	7.58%	8.75%
Total Debt Burden (2)	21.54%	20.94%	23.73%	24.82%
Estimated Fair Market				
Value (FMV) (5)	\$ 111,679,906	\$ 122,726,446	\$ 135,522,333	\$ 162,593,364
% of Direct Debt to FMV	1.71%	1.70%	1.90%	1.90%
% of Total Direct Debt to FMV	5.93%	5.69%	5.94%	5.40%
Population (3)	2,783,726	2,783,726	2,783,726	2,896,016
Direct Debt Per Capita (4)	\$ 687.25	\$ 750.40	\$ 923.73	\$ 1,068.65
Total Debt Per Capita (4)	2,380.03	2,508.46	2,892.95	3,030.12

NOTES:

- (1) Source: Cook County Clerk's Office. Excludes portion of City in DuPage County and exemptions.
- (2) Due to the one-year lag in the Equalized Assessed Valuation, debt burden measures are computed utilizing the prior year's Assessed Valuation. The Assessed Valuation for 1996 is \$30,765,001.
- (3) Source: U.S. Census Bureau.
- (4) Amounts are in dollars.
- (5) Source: The Civic Federation.
- (6) N/A means not available at time of publication.

2001	2002	2003	2004	2005	2006
\$ 3,722,403	\$ 4,257,256	\$ 4,798,541	\$ 5,113,565	\$ 5,123,729	\$ 5,422,232
6,419,427	6,644,501	7,150,282	7,429,853	7,574,950	7,750,883
<u>\$ 10,141,830</u>	<u>\$ 10,901,757</u>	<u>\$ 11,948,823</u>	<u>\$ 12,543,418</u>	<u>\$ 12,698,679</u>	<u>\$ 13,173,115</u>
\$ 41,981,912	\$ 45,330,892	\$ 53,168,632	\$ 55,277,096	59,304,530	N/A (6)
9.20%	10.14%	10.59%	9.62%	9.27%	9.14%
25.05%	25.97%	26.36%	23.59%	22.97%	22.21%
\$ 185,912,246	\$ 201,938,231	\$ 223,572,427	\$ 262,080,627	N/A (6)	N/A (6)
2.00%	2.11%	2.15%	1.95%	N/A (6)	N/A (6)
5.46%	5.40%	5.34%	4.79%	N/A (6)	N/A (6)
2,896,016	2,896,016	2,896,016	2,896,016	2,896,016	2,896,016
\$ 1,285.35	\$ 1,470.04	\$ 1,656.95	\$ 1,765.72	\$ 1,769.23	\$ 1,872.31
3,501.99	3,764.40	4,125.95	4,331.27	4,384.88	4,548.70

Table 20
CITY OF CHICAGO, ILLINOIS
REVENUE BOND COVERAGE
Last Ten Years Ended December 31, 2006
(Amounts are in Thousands of Dollars Except Where Noted)

Proprietary Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
1997	\$ 1,043,435	\$ 631,265	\$ 412,170	\$ 47,775	\$ 196,220	\$ 243,995	169 %
1998	1,110,741	629,178	481,563	58,000	207,834	265,834	181
1999	1,142,051	691,159	450,892	64,135	202,943	267,078	169
2000	1,184,672	718,995	465,677	70,125	226,130	296,255	157
2001	1,216,685	747,528	469,157	76,696	252,804	329,500	142
2002	1,232,203	751,884	480,319	87,653	269,777	357,430	134
2003	1,241,829	769,871	471,958	82,610	292,688	375,298	126
2004	1,235,290	721,879	513,411	102,559	318,733	421,292	122
2005	1,344,175	776,318	567,857	543,460 (3)	315,585	859,045	66
2006	1,422,873	779,168	643,705	210,891	397,341	608,232	106

Table 20 - Concluded
CITY OF CHICAGO, ILLINOIS
REVENUE BOND COVERAGE
Last One Year Ended December 31, 2006
(Amounts are in Thousands of Dollars Except Where Noted)

Tax Increment Financing Funds							
Year	Gross Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2006 (4)	\$ 400,404	\$ 124,905	\$ 275,499	\$ 75,248	\$ 31,553	\$ 106,801	258%

Sales Tax and Motor Fuel Tax Funds					
Year	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2006 (4)	\$ 643,343	\$ 6,215	\$ 25,930	\$ 32,145	2001%

NOTES:

- (1) Total revenues include nonoperating revenues except for grants.
- (2) Total operating expenses excluding depreciation and amortization.
- (3) \$446.3 million of Skyway principal was excluded as that requirement was met through lease proceeds.
- (4) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data for TIF and Sales Tax and Motor Fuel Tax Funds.

Table 21
CITY OF CHICAGO, ILLINOIS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Years Ended December 31, 2006
(Amounts are in Thousands of Dollars Except Where Noted)

Governmental Funds							
Year	Net General Obligation Debt	Tax Increment Allocation Bonds and Notes	Motor Fuel and Sales Tax Revenue	Installment Purchase Agreement	Capital Leases	Water Revenue Bonds	Skyway
1997	\$ 2,200,721	\$ 281,936	\$ 196,760	\$ 20,400	\$ -	\$ 588,485	\$ 179,765
1998	2,498,162	290,036	316,440	19,500	-	577,099	179,765
1999	3,010,116	354,091	467,905	18,600	-	655,092	179,765
2000	3,514,827	508,663	458,945	17,500	-	786,236	490,195
2001	3,867,808	532,811	449,520	16,400	-	1,032,055	437,910
2002	4,622,933	519,646	454,220	15,200	-	1,003,787	437,910
2003	5,301,013	471,846	543,380	13,800	31,332	974,014	437,910
2004	5,572,447	470,688	533,530	12,400	32,263	1,022,433	423,600
2005	5,534,355	407,709	518,800	10,900	309,813	1,031,089	-
2006	5,789,477	351,776	512,585	9,200	278,861	1,169,224	-

NOTES:

- (1) See Table 13 for Estimated Fair Market Value
- (2) Amounts in Dollars
- (3) 2005 information not available at time of publication.
- (4) 2006 information not available at time of publication.

Proprietary Fund Revenue Bonds

Chicago O'Hare International Airport Revenue Bonds	Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds	Chicago Midway Airport Revenue Bonds	Wastewater Transmission Revenue Bonds	Total Primary Government	Ratio of Bonded Debt to Estimated Fair Market Value (1)	Per Capita (2)
\$ 2,497,385	\$ 250,000	\$ 333,985	\$ 436,835	\$ 6,986,272	6.26 %	2,412.37
2,457,425	250,000	847,840	481,678	7,917,945	6.45	2,734.08
2,427,610	239,885	843,975	471,913	8,668,952	6.40	2,993.41
2,420,531	229,210	667,785	575,158	9,669,050	5.95	3,338.74
2,402,415	918,000	1,129,185	683,673	11,469,777	6.17	3,960.54
2,487,040	903,875	1,145,435	669,388	12,259,434	6.07	4,233.21
3,218,040	880,326	1,164,353	654,363	13,690,377	6.12	4,727.31
3,195,155	854,533	1,279,455	747,463	14,143,967	5.40	4,883.94
4,387,805	1,215,416	1,272,115	731,963	15,419,965	N/A (3)	5,324.54
4,353,685	796,715	1,268,764	770,528	15,300,815	N/A (4)	5,283.40

Table 22
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR GENERAL LONG-TERM DEBT (1)
December 31, 2006

Year Ended December 31,	General Obligation Debt		Installment Purchase Agreements		Sales Tax and Motor Fuel Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 127,211,188	\$ 267,968,427	\$ 1,700,000	\$ 682,000	\$ 13,030,000	\$ 25,222,705
2008	288,855,082	273,653,436	2,000,000	542,500	13,845,000	24,555,923
2009	189,642,421	249,884,879	2,000,000	387,500	14,765,000	23,852,066
2010	189,600,188	240,183,503	2,300,000	228,625	15,495,000	23,123,313
2011	189,400,322	254,747,006	1,200,000	46,500	16,295,000	22,323,941
2012	188,105,246	249,351,889	-	-	17,150,000	21,474,509
2013	201,501,568	237,648,915	-	-	18,040,000	20,580,380
2014	202,994,425	229,399,164	-	-	16,180,000	19,639,763
2015	216,441,371	217,633,815	-	-	17,010,000	18,805,106
2016	221,681,761	208,183,400	-	-	17,885,000	17,932,544
2017	207,361,947	198,293,143	-	-	18,820,000	17,009,733
2018	201,471,972	189,137,835	-	-	19,770,000	16,058,504
2019	204,998,700	180,159,577	-	-	20,765,000	15,059,231
2020	210,584,018	171,035,621	-	-	21,800,000	14,044,931
2021	216,232,640	161,612,673	-	-	22,875,000	12,983,179
2022	223,023,300	155,145,177	-	-	24,005,000	11,868,827
2023	201,478,719	145,388,984	-	-	25,200,000	10,699,201
2024	203,201,512	136,504,464	-	-	26,445,000	9,471,079
2025	196,197,471	127,721,225	-	-	27,755,000	8,182,051
2026	200,786,663	119,238,438	-	-	29,125,000	6,828,934
2027	210,734,720	110,510,266	-	-	22,595,000	5,391,890
2028	188,670,206	101,241,748	-	-	15,270,000	4,282,000
2029	168,370,565	86,617,548	-	-	15,990,000	3,578,714
2030	165,772,120	78,967,480	-	-	16,760,000	2,842,122
2031	145,464,596	71,674,669	-	-	17,560,000	2,069,919
2032	140,828,762	65,234,807	-	-	18,395,000	1,260,718
2033	147,761,194	58,999,536	-	-	9,760,000	412,848
2034	113,832,377	52,458,748	-	-	-	-
2035	88,492,607	47,495,731	-	-	-	-
2036	81,196,559	43,960,147	-	-	-	-
2037	70,682,925	40,689,140	-	-	-	-
2038	53,011,380	37,773,617	-	-	-	-
2039	52,365,000	5,813,521	-	-	-	-
2040	29,850,000	3,348,000	-	-	-	-
2041	31,340,000	1,855,500	-	-	-	-
2042	5,770,000	288,500	-	-	-	-
	<u>\$ 5,774,913,525</u>	<u>\$ 4,819,820,529</u>	<u>\$ 9,200,000</u>	<u>\$ 1,887,125</u>	<u>\$ 512,585,000</u>	<u>\$ 359,554,131</u>

NOTE:

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2007, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2006. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Tax Increment and Special Service Area Bonds		Totals		Year Ended
Principal	Interest	Principal	Interest	December 31,
\$ 56,718,550	\$ 27,741,399	\$ 198,659,738	\$ 321,614,531	..... 2007
80,720,459	26,916,842	385,420,541	325,668,701	..... 2008
25,129,904	12,125,799	231,537,325	286,250,244	..... 2009
25,945,470	10,626,364	233,340,658	274,161,805	..... 2010
27,351,241	9,139,852	234,246,563	286,257,299	..... 2011
22,448,846	7,595,931	227,704,092	278,422,329	..... 2012
31,135,000	6,330,780	250,676,568	264,560,075	..... 2013
16,801,762	11,937,047	235,976,187	260,975,974	..... 2014
8,965,000	3,950,522	242,416,371	240,389,443	..... 2015
11,160,000	3,400,094	250,726,761	229,516,038	..... 2016
11,685,000	2,666,019	237,866,947	217,968,895	..... 2017
14,940,000	1,970,857	236,181,972	207,167,196	..... 2018
5,025,000	1,105,663	230,788,700	196,324,471	..... 2019
3,165,000	821,307	235,549,018	185,901,859	..... 2020
3,440,000	598,388	242,547,640	175,194,240	..... 2021
7,145,000	241,144	254,173,300	167,255,148	..... 2022
-	-	226,678,719	156,088,185	..... 2023
-	-	229,646,512	145,975,543	..... 2024
-	-	223,952,471	135,903,276	..... 2025
-	-	229,911,663	126,067,372	..... 2026
-	-	233,329,720	115,902,156	..... 2027
-	-	203,940,206	105,523,748	..... 2028
-	-	184,360,565	90,196,262	..... 2029
-	-	182,532,120	81,809,602	..... 2030
-	-	163,024,596	73,744,588	..... 2031
-	-	159,223,762	66,495,525	..... 2032
-	-	157,521,194	59,412,384	..... 2033
-	-	113,832,377	52,458,748	..... 2034
-	-	88,492,607	47,495,731	..... 2035
-	-	81,196,559	43,960,147	..... 2036
-	-	70,682,925	40,689,140	..... 2037
-	-	53,011,380	37,773,617	..... 2038
-	-	52,365,000	5,813,521	..... 2039
-	-	29,850,000	3,348,000	..... 2040
-	-	31,340,000	1,855,500	..... 2041
-	-	5,770,000	288,500	..... 2042
<u>\$ 351,776,232</u>	<u>\$ 127,168,008</u>	<u>\$ 6,648,474,757</u>	<u>\$ 5,308,429,793</u>	

Table 23
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION DEBT (1)
December 31, 2006

Year Ended December 31,	General Obligation Bonds		General Obligation Tender Notes	
	Principal	Interest	Principal	Interest
2007	\$ 89,119,611	\$ 250,647,830	\$ 12,865,392	\$ 2,230,756
2008	158,831,391	246,461,705	45,100,000	202,850
2009	187,497,421	238,533,893	-	-
2010	186,830,188	228,941,454	-	-
2011	185,980,322	243,645,793	-	-
2012	183,950,246	238,424,963	-	-
2013	196,536,568	226,937,832	-	-
2014	197,144,425	218,946,098	-	-
2015	209,631,371	207,484,600	-	-
2016	213,831,761	198,387,212	-	-
2017	198,376,947	188,903,642	-	-
2018	191,271,972	180,214,419	-	-
2019	195,803,700	171,797,085	-	-
2020	200,039,018	163,182,105	-	-
2021	204,217,640	154,342,912	-	-
2022	209,383,300	148,565,231	-	-
2023	186,073,719	139,592,135	-	-
2024	185,961,512	131,512,388	-	-
2025	176,972,471	123,629,719	-	-
2026	179,411,663	116,152,994	-	-
2027	187,074,720	108,543,197	-	-
2028	176,125,206	100,520,410	-	-
2029	168,370,565	86,617,548	-	-
2030	165,772,120	78,967,480	-	-
2031	145,464,596	71,674,669	-	-
2032	140,828,762	65,234,807	-	-
2033	147,761,194	58,999,536	-	-
2034	113,832,377	52,458,748	-	-
2035	88,492,607	47,495,731	-	-
2036	81,196,559	43,960,147	-	-
2037	70,682,925	40,689,140	-	-
2038	53,011,380	37,773,617	-	-
2039	52,365,000	5,813,521	-	-
2040	29,850,000	3,348,000	-	-
2041	31,340,000	1,855,500	-	-
2042	5,770,000	288,500	-	-
	<u>\$ 5,394,803,257</u>	<u>\$ 4,620,544,561</u>	<u>\$ 57,965,392</u>	<u>\$ 2,433,606</u>

NOTE:

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2007, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2006. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Other General Obligation Debt		Totals			Year Ended
Principal	Interest	Principal	Interest	Total	December 31,
\$ 25,226,185	\$ 15,089,841	\$ 127,211,188	\$ 267,968,427	\$ 395,179,615	..... 2007
84,923,691	26,988,881	288,855,082	273,653,436	562,508,518	..... 2008
2,145,000	11,350,986	189,642,421	249,884,879	439,527,300	..... 2009
2,770,000	11,242,049	189,600,188	240,183,503	429,783,691	..... 2010
3,420,000	11,101,213	189,400,322	254,747,006	444,147,328	..... 2011
4,155,000	10,926,926	188,105,246	249,351,889	437,457,135	..... 2012
4,965,000	10,711,083	201,501,568	237,648,915	439,150,483	..... 2013
5,850,000	10,453,066	202,994,425	229,399,164	432,393,589	..... 2014
6,810,000	10,149,215	216,441,371	217,633,815	434,075,186	..... 2015
7,850,000	9,796,188	221,681,761	208,183,400	429,865,161	..... 2016
8,985,000	9,389,501	207,361,947	198,293,143	405,655,090	..... 2017
10,200,000	8,923,416	201,471,972	189,137,835	390,609,807	..... 2018
9,195,000	8,362,492	204,998,700	180,159,577	385,158,277	..... 2019
10,545,000	7,853,516	210,584,018	171,035,621	381,619,639	..... 2020
12,015,000	7,269,761	216,232,640	161,612,673	377,845,313	..... 2021
13,640,000	6,579,946	223,023,300	155,145,177	378,168,477	..... 2022
15,405,000	5,796,849	201,478,719	145,388,984	346,867,703	..... 2023
17,240,000	4,992,076	203,201,512	136,504,464	339,705,976	..... 2024
19,225,000	4,091,506	196,197,471	127,721,225	323,918,696	..... 2025
21,375,000	3,085,444	200,786,663	119,238,438	320,025,101	..... 2026
23,660,000	1,967,069	210,734,720	110,510,266	321,244,986	..... 2027
12,545,000	721,338	188,670,206	101,241,748	289,911,954	..... 2028
-	-	168,370,565	86,617,548	254,988,113	..... 2029
-	-	165,772,120	78,967,480	244,739,600	..... 2030
-	-	145,464,596	71,674,669	217,139,265	..... 2031
-	-	140,828,762	65,234,807	206,063,569	..... 2032
-	-	147,761,194	58,999,536	206,760,730	..... 2033
-	-	113,832,377	52,458,748	166,291,125	..... 2034
-	-	88,492,607	47,495,731	135,988,338	..... 2035
-	-	81,196,559	43,960,147	125,156,706	..... 2036
-	-	70,682,925	40,689,140	111,372,065	..... 2037
-	-	53,011,380	37,773,617	90,784,997	..... 2038
-	-	52,365,000	5,813,521	58,178,521	..... 2039
-	-	29,850,000	3,348,000	33,198,000	..... 2040
-	-	31,340,000	1,855,500	33,195,500	..... 2041
-	-	5,770,000	288,500	6,058,500	..... 2042
<u>\$ 322,144,876</u>	<u>\$ 196,842,362</u>	<u>\$ 5,774,913,525</u>	<u>\$ 4,819,820,529</u>	<u>\$ 10,594,734,054</u>	

Table 24
CITY OF CHICAGO, ILLINOIS
DEBT SERVICE REQUIREMENTS FOR PROPRIETARY FUNDS (1)
December 31, 2006

Year Ended December 31,	Water Revenue Bonds		Wastewater Transmission Revenue Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 30,763,697	\$ 53,875,311	\$ 15,620,000	\$ 33,638,153
2008	30,001,363	53,201,761	21,145,000	32,741,389
2009	31,004,301	52,195,457	22,260,000	31,661,997
2010	32,154,071	51,041,472	23,405,000	30,578,401
2011	33,434,627	49,777,148	24,625,000	29,348,508
2012	34,805,777	48,425,349	25,895,000	28,094,808
2013	31,992,706	51,249,359	27,210,000	26,795,858
2014	32,695,707	50,577,766	28,650,000	25,400,433
2015	33,452,646	49,838,226	30,150,000	23,930,895
2016	34,414,016	48,904,247	31,675,000	22,378,482
2017	35,449,637	47,895,769	33,160,000	20,978,990
2018	36,540,509	46,851,035	34,740,000	19,497,362
2019	43,424,119	39,992,948	28,961,631	25,091,338
2020	45,165,073	38,307,013	27,742,538	26,284,941
2021	52,388,924	31,169,645	28,564,394	25,529,674
2022	54,669,122	28,982,826	29,500,543	24,692,871
2023	56,829,985	26,659,126	30,427,418	23,841,427
2024	59,428,605	24,160,183	41,680,430	13,016,827
2025	62,087,320	21,610,685	24,392,250	29,816,165
2026	64,725,000	18,945,594	25,038,805	29,231,181
2027	67,640,000	16,160,974	25,720,414	28,586,247
2028	66,260,000	13,248,065	24,935,000	8,072,175
2029	69,310,000	10,402,086	26,240,000	6,876,373
2030	72,505,000	7,396,386	15,605,000	5,617,684
2031	28,180,000	4,241,408	16,280,000	4,978,410
2032	10,980,000	3,033,250	16,995,000	4,311,236
2033	11,525,000	2,484,250	17,735,000	3,614,493
2034	12,105,000	1,908,000	18,515,000	2,887,101
2035	12,710,000	1,302,750	19,320,000	2,127,448
2036	13,345,000	667,250	10,985,000	1,334,452
2037	-	-	11,440,000	907,575
2038	-	-	11,915,000	463,017
	<u>\$ 1,199,987,205</u>	<u>\$ 894,505,339</u>	<u>\$ 770,528,423</u>	<u>\$ 592,325,911</u>

NOTE:

(1) The amounts listed above for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2007, have been excluded from this schedule because funds for their payment have been provided in the debt service funds. For variable rate debt, interest has been calculated at the rate in effect or effective rate of a Swap Agreement, if applicable, as of December 31, 2006. Amounts above exclude Commercial Paper issues as the timing of payments is not certain.

Chicago-O'Hare International Airport and Chicago Midway International Airport Bonds			Totals			Year Ended
Principal	Interest	Principal	Interest	Total	December 31,	
\$ 170,365,000	\$ 329,262,638	\$ 216,748,697	\$ 416,776,102	\$ 633,524,799	..... 2007
178,495,000	320,167,279	229,641,363	406,110,429	635,751,792	..... 2008
129,435,000	310,842,121	182,699,301	394,699,575	577,398,876	..... 2009
193,300,000	304,099,181	248,859,071	385,719,054	634,578,125	..... 2010
160,530,000	294,212,436	218,589,627	373,338,092	591,927,719	..... 2011
144,535,000	285,885,250	205,235,777	362,405,407	567,641,184	..... 2012
190,075,000	278,289,892	249,277,706	356,335,109	605,612,815	..... 2013
207,850,000	268,347,115	269,195,707	344,325,314	613,521,021	..... 2014
189,150,000	257,439,160	252,752,646	331,208,281	583,960,927	..... 2015
200,285,000	247,380,527	266,374,016	318,663,256	585,037,272	..... 2016
210,540,000	236,639,820	279,149,637	305,514,579	584,664,216	..... 2017
175,950,000	225,549,866	247,230,509	291,898,263	539,128,772	..... 2018
188,720,000	216,158,278	261,105,750	281,242,564	542,348,314	..... 2019
216,415,000	206,227,076	289,322,611	270,819,030	560,141,641	..... 2020
205,060,000	194,630,867	286,013,318	251,330,186	537,343,504	..... 2021
215,150,000	183,826,623	299,319,665	237,502,320	536,821,985	..... 2022
226,285,000	172,379,119	313,542,403	222,879,672	536,422,075	..... 2023
238,310,000	160,313,182	339,419,035	197,490,192	536,909,227	..... 2024
246,945,000	147,732,895	333,424,570	199,159,745	532,584,315	..... 2025
256,070,000	134,650,461	345,833,805	182,827,236	528,661,041	..... 2026
269,655,000	121,055,488	363,015,414	165,802,709	528,818,123	..... 2027
455,000,000	106,722,427	546,195,000	128,042,667	674,237,667	..... 2028
309,510,000	84,976,858	405,060,000	102,255,317	507,315,317	..... 2029
325,400,000	69,085,394	413,510,000	82,099,464	495,609,464	..... 2030
320,765,000	52,424,589	365,225,000	61,644,407	426,869,407	..... 2031
284,570,000	36,045,375	312,545,000	43,389,861	355,934,861	..... 2032
264,815,000	22,359,894	294,075,000	28,458,637	322,533,637	..... 2033
223,970,000	10,077,702	254,590,000	14,872,803	269,462,803	..... 2034
5,740,000	540,270	37,770,000	3,970,468	41,740,468	..... 2035
6,005,000	276,230	30,335,000	2,277,932	32,612,932	..... 2036
-	-	11,440,000	907,575	12,347,575	..... 2037
-	-	11,915,000	463,017	12,378,017	..... 2038
<u>\$ 6,408,895,000</u>	<u>\$ 5,277,598,013</u>	<u>\$ 8,379,410,628</u>	<u>\$ 6,764,429,263</u>	<u>\$ 15,143,839,891</u>		

Table 25
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2006

Long-term Debt is comprised of the following issues at December 31, 2006 (dollars in thousands):

	Original Principal	Outstanding at December 31, 2006
General Long-term Debt:		
General Obligation Debt:		
General Obligation Bonds:		
Refunding Series of 1991 - 5.75% to 7.0%	\$ 54,743	\$ 8,929
Refunding Series of 1992 - 5.0% to 6.4%	48,070	23,080
Tender Bonds Series B of 1992 - Variable Rate (3.93% at December 31, 2006)	35,000	10,575
Refunding Series of 1993 A - 3.8% to 5.5%	92,260	45,265
Refunding Series of 1993 B - 4.25% to 5.125%	153,280	135,450
Project Series 1995 A-1 - 4.5% to 5.5%	60,000	4,440
Project and Refunding Series 1995 A-2 - 5.0% to 6.25%	220,390	152,750
Project and Refunding Series 1995 B - 4.9% to 6.0%	304,915	10,380
Tender Bonds 1996 B - Variable Rate (3.93% at December 31, 2006)	1,500	1,500
Tender Bonds 1997 - Variable Rate (3.93% at December 31, 2006)	5,500	2,765
Project and Refunding Series 1998 - 3.85% to 5.5%	426,600	331,585
Project and Refunding Series 1999 A - 4.0% to 5.375%	300,000	184,900
Variable Rate Demand Bonds Project Series 1999 B - (5.34% at December 31, 2006)	25,300	24,600
Emergency Telephone System Refunding Series 1999 - 4.5% to 5.5%	213,110	173,565
City Colleges of Chicago Capital Improvement Project Series 1999 - 6.0%	308,964	308,964
Project Series 2000 A - 4.85% to 6.75%	254,293	7,403
Neighborhoods Alive 21 Program Series 2000 A and B - 5.75% to 7.82%	199,685	10,395
Project and Refunding Series 2000 C - 5.25% to 5.75%	182,700	72,865
Refunding Series of 2000 D - 4.5% to 5.75%	107,305	106,050
Project and Refunding Series 2001 A - 4.0% to 5.65%	580,338	347,413
Neighborhoods Alive 21 Program Series 2001 A and B - 4.0% to 5.5%	238,975	18,120
Project and Refunding Series 2002 A - 4.0% to 5.65%	169,765	79,015
Variable Rate Demand Bonds Project Series 2002 B - (3.96% at December 31, 2006)	185,360	185,360
Neighborhoods Alive 21 Program Series 2002 A - 4.0% to 5.25%	51,500	28,170
Neighborhoods Alive 21 Program Series 2002 B - 3.575%	206,700	206,700
Neighborhoods Alive 21 Program Series 2003 - 2.0% to 5.25%	103,140	96,795
Project and Refunding Series 2003 A - 4.625% to 5.25%	157,990	148,950
Project and Refunding Series 2003 B - 4.052%	202,500	202,500
Project Series 2003 C and D - 2.0% to 5.25%	198,265	171,490
Emergency Telephone System Series 2004 - 3.0% to 6.9%	64,665	59,935
Project and Refunding Series 2004 - 1.92% to 5.5%	489,455	445,330
Refunding Series 2005 A - 2.5% to 5.0%	441,090	439,780
Project and Refunding Series 2005 B and C - 3.5% to 5.0%	339,275	331,930
Variable Rate Demand Bonds Series 2005 D - 4.104%	222,790	222,790
Direct Access Bonds, Series 2005 - 2.876% to 4.5%	114,695	110,535
Direct Access Bonds, Series 2006 - 3.5% to 4.4%	35,753	35,753
Project and Refunding Series 2006 A and B - 3.5% to 5.375%	649,995	648,775
Total General Obligation Bonds	<u>7,445,866</u>	<u>5,394,802</u>

Table 25 - Continued
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2006

	Original Principal	Outstanding at December 31, 2006
General Obligation Notes:		
Equipment Notes 1998 - 5.0%	\$ 73,195	\$ 12,865
Commercial Paper Notes - Variable Rate (5.25% at December 31, 2006)	14,565	14,565
Tender Notes Series 2006 - Variable Rate (3.52% at December 31, 2006)	45,100	45,100
Total General Obligation Notes	<u>132,860</u>	<u>72,530</u>
Total General Obligation Bonds and Notes	<u>7,578,726</u>	<u>5,467,332</u>
General Obligation Certificates and Other Obligations:		
Certificates (Limited Tax) Series 1997 - 3.9% to 6.0%	19,605	2,260
Building Acquisition Certificates (Limited Tax) Series 1997 - 4.4% to 5.4%	28,800	20,645
Lakefront Millennium Project Parking Facilities Bonds (Limited Tax) Series 1998 - 4.55% to 5.75%	150,000	149,880
Lakefront Millennium Project Parking Facilities Bonds (Limited Tax) Series 1999 - 4.35% to 5.0%	48,380	44,495
Central Loop Redevelopment Project - Series 2003 - 2.3% to 4.07%	137,002	104,865
Total General Obligation Certificates and Other Obligations	<u>383,787</u>	<u>322,145</u>
Total General Obligation Debt	<u>7,962,513</u>	<u>5,789,477</u>
Installment Purchase Agreement - 7.75%	<u>24,700</u>	<u>9,200</u>
Tax Increment Allocation Bonds and Notes:		
Ryan-Garfield Ridge Tax Increment - Series of 1987 - 10.125%	2,315	265
Chinatown Square Tax Increment - Series 1990 A - 8.25%	5,591	1,646
Division-North Branch Tax Increment - Series of 1991 - 8.75%	2,615	960
Read-Dunning Redevelopment Project Tax Increment - Series 1996 B - 7.25%	7,035	4,845
Stockyards Industrial Tax Increment - Series 1996 A - 5.375%	14,800	8,000
Stockyards Southeast Tax Increment - Series 1996 B - 5.375%	20,000	13,400
Sanitary Drainage Tax Increment - Series 1997 A - 7.375% to 7.75%	5,530	3,990
Bryn Mawr-Broadway Tax Increment - Series 1997 - 8.4%	1,800	675
95th and Western Avenue Tax Increment - Series 1998 - 8.5%	2,600	1,515
Lincoln/Belmont/Ashland Tax Increment - Series 1998 - 4.0% to 11.0%	12,375	9,400
Irving/Cicero Tax Increment - Series 1998 - 7.0%	4,470	3,390
Near South Tax Increment - Series 1999 A and B - 4.0% to 5.65%	50,000	29,150
Near North Tax Increment - Series 1999 A and B - 5.084% to 6.89%	55,000	51,600
Neighborhood Improvement Fund Tax Increment Notes - 7.0% to 9.5%	16,420	12,167
Goose Island Redevelopment Tax Increment - Series 2000 - 7.45%	16,800	16,320
Near West Redevelopment Tax Increment - Series 2000 - 4.625% to 6.0%	11,560	5,755
Pulaski Corridor Redevelopment Tax Increment - Series 2000 - 6.175%	1,685	1,129
Jefferson Park Redevelopment Tax Increment - Series 2000 - 8.5%	790	430
Central Loop Redevelopment Tax Increment - Series 2000 A and B - 6.55% to 6.8%	142,347	44,921
Central Loop Redevelopment Subordinate Tax Increment - Series 2000 A - 6.25% to 6.5%	98,900	47,550

Table 25 - Continued
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2006

	Original Principal	Outstanding at December 31, 2006
Tax Increment Allocation Bonds and Notes - Concluded:		
Near South Tax Increment - Series 2001 A and B - 4.75% to 6.25%	\$ 46,242	\$ 35,712
Clark/Montrose Redevelopment Project Tax Increment - Series 2000 - 9.5%	1,266	856
111th Street/Kedzie Avenue Business District Redevelopment Project Tax Increment - Series 2001 - 9.35%	500	205
Chatham Ridge Redevelopment Project, Series 2002 - 3.3% to 6.05%	17,935	12,860
Pilsen Redevelopment Project - Series 2004 - 4.35% to 6.75%	49,520	45,035
Total Tax Increment Allocation Bonds and Notes	588,096	351,776
Motor Fuel Tax and Sales Tax Revenue Bonds:		
Motor Fuel Tax Revenue Bonds - Refunding Series 1993 - 4.05% to 6.125%	70,175	37,025
Motor Fuel Tax Revenue Bonds - Series 2003 - 2.25% to 5.25%	115,645	114,390
Sales Tax Revenue Bonds - Series 1997 - 5.0% to 6.0%	117,225	2,735
Sales Tax Revenue Bonds - Series 1998 - 4.5% to 5.5%	125,000	95,630
Sales Tax Revenue Bonds - Series 1999 - 4.0% to 5.75%	160,000	5,260
Sales Tax Revenue Bonds - Series 2002 - 4.23%	116,595	115,370
Sales Tax Revenue Refunding Bonds - Series 2005 - 3.25% to 5.0%	142,825	142,175
Total Motor Fuel Tax and Sales Tax Revenue Bonds	847,465	512,585
Total General Long-term Debt	\$ 9,422,774	\$ 6,663,038
Proprietary Fund Revenue Bonds:		
Water Revenue Bonds:		
Refunding Series 1993 - 4.125% to 6.5%	\$ 49,880	\$ 41,170
Series 1995 - 3.6% to 5.75%	157,805	97,750
Series 1997 - 3.9% to 5.25%	277,911	56,381
Series 2000 - 2nd Lien - Variable Rate (3.93% at December 31, 2006)	100,000	100,000
Series 2000 - 4.375% to 5.875%	156,819	47,559
Series 2001 - 3.0% to 5.75%	353,905	111,605
Series 2004 - 2nd Lien - 3.867%	500,000	497,525
Series 2006A - 2nd Lien - 4.5% to 5.0%	215,400	212,145
Illinois Environmental Protection Agency Loan - 2.905%	3,605	2,936
Illinois Environmental Protection Agency Loan - 2.57%	2,292	2,153
Chicago-O'Hare International Airport Revenue Bonds:		
Series of 1984 - 2nd Lien - Variable Rate (3.84% at December 31, 2006)	100,000	24,060
Series of 1988 - 2nd Lien - Variable Rate (3.95% at December 31, 2006)	150,000	16,500
Refunding Series of 1993 A - 4.8% to 5.0%	324,270	72,795
Refunding Series of 1993 C - 2nd Lien - 4.9% to 5.75%	320,430	163,750
Series of 1994 B - 2nd Lien - Variable Rate (3.95% at December 31, 2006)	68,700	45,700

Table 25 - Concluded
CITY OF CHICAGO, ILLINOIS
LONG-TERM DEBT
December 31, 2006

	Original Principal	Outstanding at December 31, 2006
Proprietary Fund Revenue Bonds - Concluded:		
Chicago-O'Hare International Airport Revenue Bonds - Concluded:		
Series of 1994 C - 2nd Lien - Variable Rate (3.9% at December 31, 2006)	\$ 83,800	\$ 56,300
Series of 1996 A and B - 2nd Lien - 4.7% to 7.1%	216,075	100,440
Refunding Series of 1999 - 2nd Lien - 5.5%	409,850	314,720
Refunding Series of 2002 A - 3rd Lien - 5.25% to 5.75%	490,515	490,515
Refunding Series of 2003 A - C - 3rd Lien - 4.5% to 6.0%	986,310	986,310
Series of 2003 D - F - 3rd Lien - 2.125% to 5.5%	149,330	135,950
Series of 2004 A - H - 3rd Lien - 3.49% to 5.35%	385,045	290,495
Series of 2005 A - B - 3rd Lien - 5.0% to 5.25%	1,200,000	1,200,000
Series of 2005 C - D - 3rd Lien - Variable Rate (3.9% at December 31, 2006)	300,000	300,000
Series of 2006 A - D - 3rd Lien - 4.55% to 5.5%	156,150	156,150
Chicago-O'Hare International Airport Passenger Facility Charge Revenue Bonds:		
Series of 1996 A and B - 5.0% to 6.0%	250,000	151,920
Series of 2001 A through E - 2nd Lien - 3.4% to 5.75%	700,000	644,795
Chicago Midway International Airport Revenue Bonds:		
Series 1996 A and B - 4.8% to 6.5%	254,040	156,475
Series 1998 A, B and C - 4.3% to 5.5%	397,715	389,335
Series 1998 - 2nd Lien A and B - Variable Rate (4.04% at December 31, 2006)	171,000	171,000
Series 2001 A and B - 5.0% to 5.5%	295,855	289,970
Series 2002 A - 2nd Lien - Variable Rate (5.37% at December 31, 2006)	22,000	22,000
Refunding Series 2004 A and B - 2nd Lien - 3.2% to 5.5%	77,565	77,565
Series 2004 C and D - 2nd Lien - 4.174%	152,150	152,150
Commercial Paper Notes - Variable Rate (3.6% at December 31, 2006)	10,269	10,269
Wastewater Transmission Revenue Bonds:		
Refunding Series 1993 - 5.125% to 6.5%	232,880	72,130
Refunding Series 1998 A - 4.55% to 5.0%	62,423	62,343
Series 1998 B - 2nd Lien - 4.0% to 5.25%	47,575	3,550
Series 2000 - 2nd Lien - 5.0% to 6.0%	115,000	7,640
Series 2001 - 2nd Lien - 3.5% to 5.5%	187,685	79,760
Series 2004 A - 2nd Lien - 3.886%	332,230	332,230
Refunding Series 2004 B - 2nd Lien - 3.0% to 5.25%	61,925	59,380
Series 2006 A and B - 2nd Lien - 4.5% to 5.0%	155,030	153,495
Total Proprietary Fund Revenue Bonds	<u>\$ 10,683,434</u>	<u>\$ 8,358,916</u>

NOTE:

The balance outstanding at December 31, 2006 listed above for each year excluded amounts payable January 1, 2007. In addition, the balance outstanding of water revenue bonds at December 31, 2006 excludes payments due on November 1, 2007.

Table 26
CITY OF CHICAGO, ILLINOIS
POPULATION AND INCOME STATISTICS
Last Ten Years

<u>Year</u>	<u>Population(1)</u>	<u>Median Age (2)</u>	<u>Number of Households (2)</u>	<u>Unemployment Rate (3)</u>	<u>Per Capita Income (4)</u>	<u>Total Income</u>
1997	2,783,726	34.1	975,900	6.4 %	\$ 29,831	\$ 83,041,330,306
1998	2,783,726	34.2	1,002,300	5.9	31,677	88,180,088,502
1999	2,783,726	34.7	1,026,900	5.9	32,704	91,038,975,104
2000	2,896,016	31.5	1,061,928	5.9	34,918	101,123,086,688
2001	2,896,016	34.8	1,074,200	7.2	35,157	101,815,234,512
2002	2,896,016	31.9	1,059,960	8.5	35,085	101,606,721,360
2003	2,896,016	32.6	1,067,823	8.2	35,464	102,704,311,424
2004	2,896,016	32.6	1,051,018	7.2	37,169	107,642,018,704
2005	2,896,016	33.0	1,045,282	7.0	38,439	111,319,959,024
2006	2,896,016	33.5	1,040,000	5.2	N/A (5)	N/A (5)

NOTES:

(1) Source: U.S. Census Bureau.

(2) Source: World Business Chicago Website, Claritas data estimates; Cook County's Website.

(3) Source: Bureau of Labor Statistics 2006.

(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area.

(5) N/A means not available at time of publication.

Table 27
CITY OF CHICAGO, ILLINOIS
PRINCIPAL EMPLOYERS (NON-GOVERNMENT)
Last One Year (See Note at the End of this Page)

Employer	2006		Percentage of Total City Employment
	Number of Employees	Rank	
J. P. Morgan Chase	8,979	1	0.82 %
United Airlines	5,944	2	0.55
Jewel Food Stores, Inc.	5,453	3	0.50
Northern Trust	4,610	4	0.42
Accenture LLP	4,470	5	0.41
SBC/AT&T	3,834	6	0.35
American Airlines	3,750	7	0.34
Ford Motor Company	3,480	8	0.32
Bonded Maintenance Company	3,298	9	0.30
Bank of America	3,108	10	0.29

NOTE:

- (1) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Return, June 30, 2006.
- (2) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data.

Table 28
CITY OF CHICAGO, ILLINOIS
FULL TIME EQUIVALENT CITY OF CHICAGO EMPLOYEES BY FUNCTION
Last One Year (See Note at the End of this Page)

Function	Budgeted Full Time Equivalent Positions 2006
General Government	5,214
Public Safety	23,345
Streets and Sanitation	3,578
Transportation	862
Health	1,570
Cultural and Recreational	1,620
Business-Type Activities	4,108
Total	<u>40,297</u>

NOTES:

- (1) Source: City of Chicago 2007 Program and Budget Summary
- (2) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data.

Table 29
CITY OF CHICAGO, ILLINOIS
OPERATING INDICATORS BY FUNCTION/DEPARTMENT
Last One Year (See Note at the End of this Page)

<u>Function/Program</u>	<u>2006</u>
Police	
Physical Arrests	227,576
Fire	
Emergency Responses	300,971
Refuse Collection	
Refuse Collected (Tons per Day)	4,451
Cultural	
Volumes in Library	5,700,000
Water	
Average Daily Consumption (Thousand of Gallons)	884,970

Table 30
CITY OF CHICAGO, ILLINOIS
CAPITAL ASSET STATISTICS BY FUNCTION
Last One Year (See Note at the End of this Page)

<u>Function</u>	<u>2006</u>
Police Stations	25
Fire Stations	102
Other Public Works	
Streets (Miles)	3,775
Streetlights	190,000
Traffic Signals	2,795
Water Mains (Miles)	4,230
Sewers Mains (Miles)	4,500

NOTE:

(1) Beginning with fiscal year 2006, the City of Chicago will accumulate ten years of data.



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